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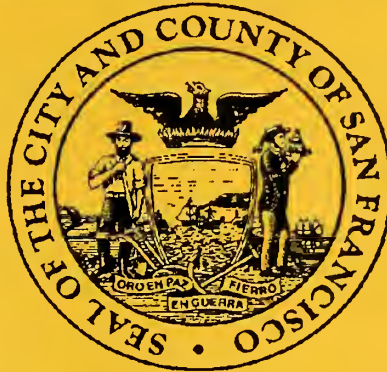
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SAN FRANCISCO AIRPORT COMMISSION



MINUTES

January 17, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

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Airport Director

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**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
January 17, 2012

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AIRPORT COMMISSION MEETING MINUTES

January 17, 2011

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of December 20, 2011 were adopted unanimously.

No. 12-0001

* * *

L. DIRECTOR'S REPORT:

1. SFO's Strategic Plan to Improve Airline On-Time Performance - verbal report

Mr. John Bergener, Planning Manager said that this report updates SFO's Strategic Plan to reduce delays and improve on-time performance. When previously presented we discussed the history and causes of delays, and the strategic initiatives that SFO is and will be pursuing to reduce delays and improve on-time performance. Today's update provides a brief recap of that presentation and the progress that has been made on the strategic delay initiatives.

What are the causes of delay and low on time performance? SFO's closely spaced parallel runways cannot currently be used for simultaneous arrivals in bad weather. The Bay Area's marine climate and periods of bad weather are frequent and unpredictable so reduced arrival capacity is common at SFO. Whenever scheduled arrivals exceed this reduced capacity, arrival delays inevitably result. Prior to 9/11, scheduled arrivals greatly exceeded bad weather capacity in most hours of the day. Since then it has improved significantly both in absolute and relative terms. However, with increasing traffic delays are once again on the rise. Other contributors include scheduling practices, especially during morning peak periods and fleet mix. Commuter aircraft may carry fewer than 100 passengers yet take up the same amount of limited runway and airspace capacity as narrow

bodied jets that may carry between 100-200 hundred passengers and almost as much capacity as wide-bodied jets that may carry between two and six hundred plus passengers. The combination of bad weather and peak periods of demand in the morning results in frequent delays during the morning peak period. Once these delays have occurred, it can take from several hours to the rest of the day for schedules to recover and operations to get back on track.

Recognizing the increase in demand and delays, SFO developed a strategic plan to consistently maintain at least 75% on-time arrival performance. The strategic plan initiatives include rapid pursuit of NextGen and other technology, regional airport system planning and collaboration with the FAA and airlines. On-time arrival performance improved when traffic dropped following 9/11, but is again starting to degrade as traffic increases. We've been working with the FAA and airlines to have NextGen and other technology improvements on-line within the next three years. These improvements include increased use of Simultaneous Offset Instrument Approach (SOIA) procedures using SFO's existing instrument landing system, a parallel runway or CSPR operations as described in FAA Joint Order 7110.308, and creation of area navigation or RNAV procedures to allow approaches to closer space parallel runways.

Commissioner Guggenheimer said, looking at the numbers, you have 3.214.99% on the right column, is 14.9% added to the 75 or is it 14%? In other words, would it be 89, or would it be 14% greater than 75.

Mr. Bergener replied that the numbers represent the additional percent of being able to land on two runways simultaneously. We can already do that about 75% of the time. This represents an increase, if you add them together, of almost 50% in that 30% of the time it gets us landing on dual runways about 85% of the time.

In June a summary of the near term efficiency enhancement concepts was presented. These improvements will allow increased use of dual arrival runways in marginal and bad weather conditions, and in combination could result in almost 48% more availability of dual arrival runways in marginal bad weather during morning peak periods.

Since June, SFO staff has been working with the FAA on further developments of the efficiency enhancement concepts. Since the last presentation, the minimum ceiling under which SOIA can operate has been lowered from 2,100 ft. to 1,600 ft. It's expected that this improvement will increase SFO's dual runway availability by 4.7% in the morning and 3.2% all day. In addition, simulation and weight vortex modeling has been completed on the closely spaced parallel runway operation procedure and this project is moving to a safety analysis by FAA flight standards. A timeline has been developed to implement this procedure that is consistent with SFO's on-going runway safety area improvement program. The new procedure will be ready by end of summer 2013 following relocation of our glide slope equipment as part of the runway safety area improvement program. Mr. Bergener said that the FAA is very conservative when it comes to allowing new procedures. In addition to working with the FAA and airlines to improve airfield and airspace efficiency, SFO worked with regional agencies including the Metropolitan Transportation Commission, Association of Bay Area Governments,

the Bay Conservation Development Commission, other airports and the cities and counties of the Bay Area that make up the Regional Airport Planning Committee on an update to the Regional Airport System Plan. This updated plan was approved on September 23, 2011 and contained several recommendations including encouraging redistribution of short haul domestic air passenger demand from SFO, Oakland and San Jose and demand management at SFO. The program includes a new passenger survey as well as development of a regional approach to air traffic distribution and legislative advocacy. The Airport has also met with individual airlines to discuss how it's service and fleet mix decisions are being made with a goal of achieving some level of up-gauging or use of fewer larger aircraft in place of more smaller aircraft. Studies have been completed that indicate some consolidation of flights onto larger aircraft while maintaining the same level of service could reduce airline operating costs. Airlines are now studying the Airport's recommendations. In addition, the FAA has started plan's to implement IATA's, Level II Worldwide Slot Guideline procedures at SFO. Level II is where there is potential for congestion during some periods of the day, week, or season which can be resolved by volunteer cooperation between airlines. All airlines operating or planning to operate flights at a Level II airport, must provide and update details of their planned operations. Airlines operating at a Level II airport must be willing to make voluntary schedule adjustments in order to avoid exceeding the coordination parameters. The stated reason for this implementation is to limit potential congestion that may result during the Runway Safety Area Improvement Program construction work. Our analysis indicates the delay should be minimal as a result of the RSA construction and should generally be limited to Summer, 2014 when work is proceeding on Runways 1L and 1R simultaneously. The Airport plans to continue meeting with the FAA and airlines to work on implementing measures to enhance efficiency and better match demand and capacity to continue to support regional airport system planning into the implementation phase and to work directly with the airlines to look for opportunities to adjust fleet mix choices to make better use to limited airfield resources. In addition, SFO has been striving for an active role in the process as the FAA implements IATA Level II Worldwide Slot guidelines at SFO seeking to guide the process to focus on maintaining competition and using limited airfield and airspace capacity efficiently.

Mr. John Martin, Airport Director said it's been a very bottom line level with the CSPR. With this new arrival procedure by 2013 our delay problem will be substantially gone. A dramatic improvement. The important thing for us in the meantime is making sure it progresses and that we maintain an open competitive marketplace so that the carriers that are growing at SFO can continue to grow.

Commissioner Mazzola said that some years ago we did a runway study and learned that by 2015 we won't be able to operate with what we have. Are we thinking of re-looking at our runways, or is that off the table due to politics?

Mr. Martin said that years ago when we looked at a new runway plan we did not anticipate being able to accommodate 36 to 40 landings per hour in low cloud conditions as a result of the CSPR. That increased our capacity about 25%, so we're at planning 40 million passengers. The need will not be what we thought.

Commissioner Mazzola said that instead of 2015 it might be 2019. We will need to do something about it so we should look it again somewhere down the line, and see if the politics have changed.

Mr. Martin said that it's also tied to the regional plan. We can provide an update on the regional plan and what the triggers are.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved as amended by Commissioner Johns and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Denial of Protest to Award Contract No. 9024A and Award of Contract No. 9024A International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program and the International Terminal Baggage Handling System Improvements Project - Vanderlande Industries, Inc. - \$64,334,000

No. 12-0002	Resolution denying protest to award Contract 9024A and awarding Contract 9024A, International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program and the International Terminal Baggage Handling System Improvements Project to Vanderlande Industries, Inc. for design-build services in an amount not to exceed \$64,344,000.
-------------	---

Mr. Ivar Satero, Deputy Director, Design and Construction said the Commission has seen a number of items related to this program in the past. This item provides for design-build services to implement the TSA's Checked Baggage Inspection System (CBIS) modernization program in the International Terminal and Terminal 3, and for Airport improvements to the Terminal 3 bag system.

The scope of work for the TSA modernization program includes replacement of Explosive Detection System equipment within the Checked Baggage Inspection Systems in both the International Terminal and Boarding Area F, as that equipment is at the end of its service life and the CBIS area is obsolete. Existing inefficiencies and reliability issues currently impact TSA and Airport operations.

Proposals were received from Vanderlande and Siemens in response to the RFP. Both are well qualified firms. A selection panel was convened to review and score the written proposals and conduct interviews with the firms and their key personnel. Cost proposals were calculated and their proposals were scored in accordance with the criteria contained in the RFP. This is different from our

usual process. The cost proposals were based on presumed scopes of work which are representative and which gave us the ability to make a comparison between the proposers, but are not the final scopes of work which will be developed as we move into design phase. The firms proposed their mark up on overhead and profit based on that presumed scope of work. Per City ordinance, we weighted 65% of their scoring on cost, and 35% on qualifications. Based on the final score Vanderlande is determined to be the firm providing the best value.

Siemens filed a bid protest based on the belief that Vanderlande made an error in calculating the proposed cost. No irregularities were found upon review and Vanderlande did not request relief and has assured us that they will perform the work based on fees and costs stated in their proposal. Award amount is not to exceed \$64,344,000. They will be compensated on a cost plus fixed fee basis. Due to the Federal funding component, the HRC LBE participation program does not apply. We will work with the our Small Business Affairs office to develop a small business program for these services to engage participation of local, small and disadvantaged businesses.

Commissioner Mazzola noted that this item says "deny and award." I don't think we've denied before. Protests are not normally handled by the Commission.

Ms. Sheryl Bregman, Airport General Counsel said that typically a bid protest is handled administratively, but it can also be done by the Commission. It's typical to at least acknowledge that there's been a bid protest.

Commissioner Mazzola commented that he did not know why the Commission should deny the protest.

Commissioner Johns asked if it can be left out of future resolutions.

Ms. Bregman replied that it can.

Commissioner Mazzola asked to remove it from the resolution.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Award of Professional Services Agreement, Contract No. 8226.9 - Construction Management Services for West Field Cargo Redevelopment Facility, Phase I The Allen Group/Cornerstone, a Joint Venture - \$1,700,000

No. 12-0003

Resolution awarding Professional Services Agreement, Contract 8226.9, Construction Management Services for West Field Cargo Redevelopment Facility, Phase I to The Allen Group/ Cornerstone, a JV. Not to exceed \$1,700,000.

This activity is within the scope of the San Francisco International Airport Master Plan Program approved

by the Airport Commission on Nov. 3, 1992. The Master Plan Program EIR prepared for the Master Plan Program adequately describes this activity and its potential environmental effects for purposes of the California Environmental Quality Act (CEQA).

Mr. Satero said that this item awards a Professional Services Contract to The Allen Group/Cornerstone, JV, to provide CM support services in the development of the Phase I West Field Cargo project. The Phase I project is a 90,000 sq. ft. warehouse space, basically replacing Cargo Building No. 7, one of the oldest buildings at the Airport and in desperate need of replacement. Southwest Airlines currently operates at the north end of the building and the Airport uses the rest of the building for storage. Southwest will relocate to another cargo building in the area during construction and we will relocate our storage to other space. Upon completion of Phase I we anticipate that DHL will be the anchor tenant and that a third party cargo handler will also be a tenant of the building. In 2006 URS developed a schematic set of design documents, but due to economic conditions we point the project on hold at that point. This document will be the basis for a bridging document to be issued this spring. Construction will begin this summer. We have successfully negotiated billing rates, overhead multiplier and staffing. We have structured a cost reimbursables contract based on time and materials. Total budget for these services is \$1.7M, with a contract duration of 2 years. The Allen Group/Cornerstone has committed to meeting the HRC LBE goal of 18%.

Commissioner Johns asked how far along are the DHL negotiations.

Mr. Leo Fermin, Deputy Director, Business and Finance said that staff has had initial discussions with DHL. They are aware of the relocation plans and they look forward to newer facilities. We are proceeding with negotiations with them.

Commissioner Johns asked if we anticipate that DHL will be a tenant.

Mr. Fermin replied that we do.

Mr. Martin asked Mr. Fermin how much space is not fully accounted for.

Mr. Fermin replied that we'll have roughly 10,000 sq. ft. left over for future needs.

Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Award Contract 9097R - Communications Services - Burson-Marsteller - \$1.8 million

No. 12-0004

Resolution awarding Contract 9097R, to Burson-Marsteller for Communications Services for a term of three years with two, two-year options exercisable at the sole discretion of the Commission in an amount not-to-exceed \$1.8 million (\$600,000 annually).

Ms. Kandace Bender, Deputy Director, Communications and Marketing said on Sept. 14, 2011 an RFP was issued for Communications Services to assist with strategic planning and implementation for new communications programs that will utilize the latest in technology and help us institute best practices. This is a new service for us. On Monday, the Chronicle Business section featured a cover story about the increasing use of smart phone applications that assist customers in navigation and way finding ... the headline read, "Map Apps. Navigates The Mall or SFO." We're very excited to see that we're part of the headline and the story. We've made important and significant steps in traditional, digital and social media in the past few years. We were recently named the fourth most social media savvy airport in the country by Facebook. we've increased our Twitter followers to 4,600 and our Facebook page, which was launched just 10 days ago, has more than 15,000 friends. But we wish to take our social, digital, and traditional media to the next level and this contract will help us do that.

Four proposals were deemed responsive to the RFP and based on scores for the written submissions three went on to Round 2, the oral interview. Since this contract involves excellent communications skills, the interview was considered equally with the written portion. Three experts and HRC staff reviewed the proposals and participated in the interview. Out of 300 possible points, the final scores were Burson-Marsteller 267, Allison & Partners 225, and O'Rourke 180. The scope will include development of strategic communication plans for internal, external and emergency communication and will include ways to integrate social, mobile and geo location technologies into new and existing communication tools. It will also further develop our internal communications functions such as internal radio, television, and possibly mobile communications. Better communication with our employees and tenants can only assist in our quest to be rated the best airport in the country and one of the best places in the Bay Area in which to work.

The term of the contract is \$600,000 per year for 3 years, for a total of \$1.8M, with two, two-year extensions. Burson-Marsteller is a global Communications firm with approximately 50 employees in their San Francisco office.

Commissioner Johns noted that the panel names were included in the package and she hoped this information would be provided in the future.

Commissioner Mazzola asked if the option amounts are fixed at \$600,000 or negotiable.

Ms. Bender relied that at the moment that's where they are at.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was 4-1 with Commission Mazzola casting the dissenting vote.

5. Authorization to Issue a Request for Proposals for Contract No. 9082 - Professional Services for Job Order Contract Implementation Services

No. 12-0005

Resolution authorizing staff to issue a Request for

Proposals and negotiate a contract with the highest ranked proposer to provide job order contract implementation services, including program development, procurement support, staff and contractor training and technical support in accordance with San Francisco Administrative Code Section 6.62.

Mr. Satero said that Job Order Contracting (JOC) is a new process to SFO, but it's not a new process to the City. We utilized as-needed contracts for jobs that had a more immediate need. We used to issue as-needed general construction contracts. We would assemble a number of bid items and do our best to describe those bid items, but ultimately once a specific task was identified the scope of work often was not adequately defined in the bid items and the costs were then subject to negotiation. It did not work well so we've been looking at job contracting as an opportunity and it will replace the as needed general construction type contracts. We will still use as needed contracts for types of scopes that work well like carpet replacement and roof repair ... those things can be well defined and properly bid by the trades. For others that involve multiple trades, or can't be as well defined in a bid, JOC contracting would be used. So, we anticipate that we'll use it for both capital and maintenance scopes of work when our own forces cannot do the work, and subject to the \$400,000 task limit.

The services to be provided under this contract will provide for the bid book which will be the basis for obtaining bids from contractors. The bid book consists of anywhere from 60,000 to 100,000 bid items of work. They prepare the work and then put a price on that work. The preparation of the bid book is the scope of work that this consultant will undertake. When we finish the bid book, we will then issue that bid book for bidding by the construction community and they will bid overhead and profit ... essentially a markup that gets applied to each item up. It's a calculation, not a negotiation.

We propose a pilot program to see how this works ... a two-year or \$2,000,000 threshold, whichever comes first. We will return to the Commission with a recommendation to proceed with the JOC, or with amendments to the JOC process, or if it doesn't work, to inform you of that.

Commissioner Mazzola said that this has been going on for a while in the City. I remember battling with Major Willie Brown over this. Building Trades is against it because it's pretty hard to keep track of the jobs. It takes away from some other contractor bidding the jobs. They've never provided a list of their subcontractors, there's no one checking for prevailing rates. It's like handing someone money and then they just go out and do jobs and bill you. During our last negotiations with the City we were able to put a management/labor committee together composed of representatives of the City and the Building Trades whose task is to develop a job order contracting document that both sides agree to. Ivar has been working with me on this document, trying to put in as much as he could, and I thank him for that. But the Building Trades and the City haven't finished the document. I don't mind this passing today, but I told the Director that if the City finally comes up with a document that both sides agree to, it would be a good

idea to compare it to ours to see if we missed anything. Having said that, this trial period is up to you. Personally, I'm against JOC contracting. The Gordian Group put out a book of costs, i.e. what it costs to paint a wall, for example. But it doesn't look at the actual wall. The wall might have damage that would need repair before it's painted. It's not real pricing. Both sides get hurt ... labor and the department. I don't think it's a good idea, but if you want to try it, it's up to you.

Commissioner Johns asked if anyone was present to speak for or against it.

Commissioner Mazzola replied that he didn't think so. I'm not saying don't do the trial, I'm saying I'm personally against it. It hasn't worked in the past.

Commissioner Guggenheimer said that other departments ... Public Works, Rec and Park, PUC all have JOC contracting so I think it's worth a shot.

Commissioner Johns agreed with Commissioner Mazzola in that if the City finally ends up with a document that we should look at it.

* * *

G. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 6 through 14, was moved by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

6. Award Contract 9089 - International Terminal Building U.S. Customs and Employment and Community Partnership Renovations - Galiera Inc., dba Trico Construction - \$486,987

No. 12-0006	Resolution awarding Contract No. 9089, International Terminal Building U.S. Customs and Employment and Community Partnerships Renovations, to the lowest responsive, responsible bidder, Galiera Inc., dba Trico Construction in the amount of \$486,987.
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Commissioner Johns asked where the work was going to be done.

Mr. Satero replied that it's on the arrivals level in the Customs.

7. Issuance of a Request for Proposals for Professional Services Contract 9198 - Safety Management System Study and Initial Program Development

No. 12-0007	Resolution authorizing issuance of a Request for Proposals for Professional Services to assist staff in the Study and Initial Program Development of an FAA mandated Safety Management system and authorizing staff to enter into negotiations with the highest-ranked proposer.
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8. Authorization to Commence the Request for Proposal Process for the Airport Advertising Lease

No. 12-0008

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and Conduce an Informational Conference for the Airport Advertising Lease.

Commissioner Johns hoped that there will be a lot of outreach on this item and items like this. We always hear after the fact that someone didn't know about it.

9. Authorization to Accept Proposals for Phase II Retail Concession Leases

No. 12-0009

Resolution approving the revised lease specifications, minimum qualification, and proposal requirements, and authorizing staff to accept proposals for the Phase II Retail Concession Leases.

10. Authorization to Commence Competitive Selection Process for the Rental Car Center Café Lease, a Small Business Set-Aside

No. 12-0010

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and Conduct an Informational Conference for the Rental Car Center Café Lease, a small business set-aside.

11. Authorization to Accept Proposals for the Terminal 3, Boarding Area F Wine Bar Lease

No. 12-0011

Resolution approving the revised minimum qualification requirements and lease specifications, and authorizing staff to accept proposals for the Terminal 3, Boarding Area F Wine Bar Lease.

12. Authorization to Accept Proposals for the Terminal 1, Boarding Area C Food and Beverage Kiosk Lease

No. 12-0012

Resolution approving the revised minimum qualification requirements and lease specifications, and authorizing staff to accept proposals for the Terminal 1, Boarding Area C Food and Beverage Kiosk Lease.

13. Exercise the Second and Final Two, One-Year Options - Triptel, Inc.'s Cellular Phone Rental Service Lease No. 07-0086

No. 12-0013 Resolution approving the exercise of the second and final two, one-year options under the Cellular Phone Rental Service Lease No. 07-0086 with Triptel, Inc. for an option term of May 2, 2012 through May 1, 2013, under the existing terms and conditions.

14. Approval of 2011 Lease and Use Agreements - World Airways, Inc., and MN Airlines, dba Sun Country Airlines

No. 12-0014 Resolution approving the Lease and Use
No. 12-0015 Agreements with World Airways, Inc. and MN Airlines, LLC dba Sun Country Airlines for operating rights at San Francisco International Airport.

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

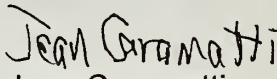
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act Sections 54954.2(b)(2) and 54954.5 and Sunshine Ordinance Section 67.11.

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12.

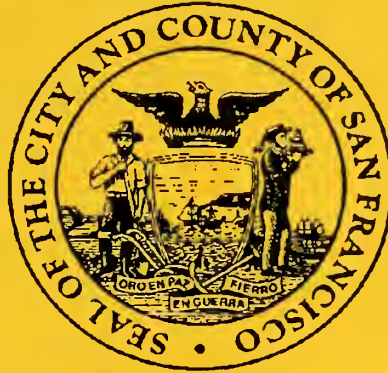
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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:35 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**January 31, 2012
Special Meeting**

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

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RICHARD J. GUGGENHIME

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Airport Director

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G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	7.	Award Professional Services Agreements for As-Needed Project Support Services for Capital Improvement Plan Projects Contract 9026.8 - EPC/CM West J.V. Contract 9026.9 - AECOM	12-0023 12-0024	18
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AIRPORT COMMISSION SPECIAL MEETING MINUTES
January 31, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President Hon. Eleanor Johns Hon. Richard J. Guggenhime Hon. Peter A. Stern
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Hon. Linda S. Crayton, Vice President arrived at
9:26 AM.

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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of January 17, 2012 were adopted unanimously.

No. 12-0016

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D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Retirement Resolution - Ms. Kim Dickie

No. 12-017	Resolution thanking Ms. Kim Dickie for over 20 years of faithful service with the CCSF.
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Mr. John Martin, Airport Director said that this is a retirement resolution is for Kim Dickie. She's retiring from the Airport but going on to become Airport Director for Redmond, Oregon. Ms. Dickey has given 20 years of great service in the Operations Division at SFO, ending her career as Assistant Deputy Director for Aviation Security. We thank Ms. Dickie for her service.

Commissioner Mazzola congratulated Ms. Dickey on her retirement.

Item No. 2 was moved by Commissioner Johns and seconded by Commissioner

Stern. The vote to approve was unanimous.

2. Resolution of Appreciation - David F. Carbone

No. 12-0018

Resolution thanking Mr. David F. Carbone for his years of service on the Airport Community Roundtable.

Mr. Martin explained that this resolution recognizes David Carbone for his years of service to the Airport Community Roundtable. He works for San Mateo County but has been the coordinator since the Roundtable's inception. David played a lead role on the Roundtable which has been recognized a model noise organization in the country for bringing elected officials, airports and the FAA together to address noise issues. I want to thank Mr. Carbone for his outstanding years of service.

Commissioner Mazzola congratulated Mr. Carbone on his retirement.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Guggenheim and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Approve a Project Labor Agreement for the San Francisco Airport Terminal Refurbishment and Related Support Facilities/Infrastructure Improvement Program

No. 12-0019

Resolution approving a Project Labor Agreement for the San Francisco Airport Terminal Refurbishment and Related Support Facilities/ Infrastructure Improvement Program to assure the safe, timely, and economical completion of the Program through the promotion of efficient operations in the implementation of the Program and labor harmony.

Mr. Ivar Satero, Deputy Director, Design and Construction said

I'm please to present this item before you, for this Project Labor Agreement (PLA), in support of the Airport's upcoming major capital improvement program.

Over the last 6 months, staff with the assistance of the City Attorney's office, has been negotiating with the San Mateo Building Trades Council to prepare this Agreement in order to help ensure that the critical element of labor force stability on our major upcoming Terminal program is managed in a proactively and thoughtfully.

It's important to understand the key drivers of this Terminal Refurbishment Program. It's highly time sensitive, as it provides for Terminal refurbishment in order to ensure that the long-term forecast gate demand can be accommodated in a phased and well coordinated manner. It also allows SFO to continue to follow through on our commitment of providing the highest quality facilities that deliver an exceptional passenger experience. This focus, as we have seen recently with the opening of Terminal 2, translates into significant revenue opportunities for the tenants as well as the Airport, and is considered crucial to the future of SFO's continued success.

The Program primarily relates to terminal refurbishment, specifically identifying the Terminal 3/Boarding Area E project, as well as the Terminal 1/Boarding Areas B and C project. These facilities have far outlived their useful life, and as noted previously, timely completion of these facilities is critical to the Airport's ability to accommodate airline growth. Given the existing levels of airline operations, the Terminal 3/Boarding Area E program has a completion date of November 2013 and then immediately after that, we will start the Terminal 1 program. The Boarding Area B Terminal 1 facility is in dire need of replacement, as it has settled about 3 feet from where it was built over the past 40 years, and continues to settle approximately 1 inch a year. At all times during the reconstruction of these facilities, the Airport will have to keep 10 gates in operation at a minimum in order to provide the capacity that's necessary for airline operations. So maintaining a sequence, phasing, and timing of construction are key to the success of this program.

Regarding the PLA, and given the challenges, it is important that construction of various projects proceed in a safe, efficient, organized and undisrupted manner, with the stability of the workforce of key importance. Any delays or disruptions in the completion of the projects will likely cause delays throughout the program, and create significant financial impacts, both in terms of project costs and debt service as well as revenue collection due to delays and availability of facilities, but also significant financial impacts to tenants, airlines, and the agencies that rely on the successful and timely completion of these facilities. Airlines in particular develop long-range plans for their strategic operations and capital investments which rely upon the Airport's ability to provide facilities on schedule.

Also, when competitive forces are in play, as SFO is with SJC and OAK, airlines strategic decisions are also influenced by the Airport's ability to deliver sufficient, quality facilities in a cost effective manner, and our current strength depends upon the timely and efficient completion of this program.

To draw a similar comparison to the Master Plan Program of the late 1990s, we had a Project Stabilization Agreement, essentially the same as a PLA, that was also effective for a long-range program, and there were no disruptions due to labor disputes during that program.

To highlight some of the key elements of the PLA:

In regards to local hire, this is the first PLA post the City's adoption of the Local Hire Ordinance. It fully contemplates the provisions of local hire and thoroughly supports and enforces those provisions. It also contemplates both the Ordinance and the MOU between the City and San Mateo County in terms of local hire reciprocity to

ensure that the Airport's Program serves to encourage young people, women, and economically disadvantaged individuals to pursue careers in the trades. It includes a pre-apprenticeship program commitment to working with the Office of Economic and Workforce Development and San Mateo programs.

All contractors are required to sign up for the PLA for continuous, cumulative employment of beyond eight days on the Program.

Side letters have been agreed upon between the parties for enforcement of labor harmony on tenant-related work as well as for work that's to be performed off-site by the trades. It includes procedures for dispute resolution and hearing grievances through arbitration and the formation of a Joint Administrative Committee of four members, two appointed by the Airport and two by the Building Trades Council.

The Airport has full authority at all times over the work and any termination, delay, or suspension of any of the projects is at the sole discretion of the Airport.

There are core workforce provisions in the PLA which allow for a one for one core employee and a Union Hall employee for the contractors, and an LBE allowance of two core workforce employees which then goes to a one for one starting with a referral from the Hall.

It provides support for apprenticeship through approved apprenticeship programs, support for veterans through the Helmets to Hardhats program, and supports local disadvantaged workers through the Local Hire Ordinance (LHO) and the MOU between San Francisco and San Mateo County.

It provides for drug testing as well as Union cooperation with the Contractor in the implementation of any employee health or safety programs, rules, regulations, or requirements.

As a final note, we received correspondence with respect to the manner in which the Local Hire Ordinance and First Source Hiring have been incorporated into the Agreement. One concern is whether the PLA provides clear instructions on the application of First Source Hiring policy to Federal projects which may not include the Local Hire Ordinance. They have also expressed concern over the order of precedence in resolving grievances, and that it may be interpreted that the PLA has precedence over LHO recourse procedure. We believe in consultation with the City Attorney that the law is clear in both circumstances, however, the Airport is agreeable to putting forth side letters to cover these issues with more clarity.

Commissioner Johns noted that in your comments you emphasize Terminal 1 B/A B and B/A E, but I understand it's all of the projects that are listed in our information.

Mr. Satero replied that it's the main terminal program and the support projects that will support that work.

Commissioner Johns noted that there was a comment about these projects completed within the next 10 years and asked if there is a time limit on the Project Labor Agreement, or is it open ended?

Mr. Satero replied that it's a 10 year agreement. It will be amended from time to time to add projects that bid within the program scope.

Commissioner Mazzola said that it sounds well thought out. How long were the negotiations? Were you bargaining for a while?

Mr. Satero replied that we spent a lot a time on it.

Commissioner Mazzola hoped that Mr. Satero wasn't just agreeing to something he was handed.

Mr. Satero replied that he did not.

Mr. William Nack, Building Trades Council: I'm here this morning speaking on behalf of the Building and Trades Council, San Mateo County, with a membership exceeding 14,000 of the highest skilled craftsmen and women in the construction industry today. I wanted to begin by thanking the Commission, Director John Martin, Airport staff and the City Attorney's office for partnering with us over the past many years during construction of the new International Terminal and the refurbishment of Terminal 2. Both projects are shining examples of cutting edge architecture and construction built to the highest standards in the country. I'm here this morning to support this PLA. Over the next 10 years projects covered by this agreement will generate thousands of jobs for construction workers in San Francisco and San Mateo Counties. At the same time, it will ensure labor peace in the same way the first Airport Project Labor Agreement did. This PLA is similar to the newly signed PLA for the San Francisco Trans Bay Terminal, and the PLA that was signed by the SFPUC covering the renovations of the Hetch Hetchy water delivery system. This is the first PLA includes the new San Francisco Local Hire policy and the San Mateo County Reciprocity Agreement which will give San Francisco and San Mateo County workers opportunities to work in their County. We look forward to working with City Build and Job Train on this effort. This PLA will guarantee that all of the construction workers will receive all of the rights, protections, and wages afforded by local collective bargaining agreements. This PLA is good for construction workers and is good for the Airport. Sandra Benson is with me this morning and she and I are here to answer any questions you may have. In closing, on behalf of every union affiliated with the Building and Construction Trades Council of San Mateo County, we respectfully request that the Airport Commission approve the proposed Project Labor Agreement presented to you this morning. Thank you.

Mr. Mark Leech, IBEW; I spend a lot of my time in San Mateo County representing electrical workers. I very rarely get to come to the City I live in, San Francisco, and speak on behalf of something. So I want to thank you for being a part of a City and a region that sets high standards, always has, and my hope is they always will. It's amazing that one document like a PLA can have such a positive change in people's lives, and it does in the lives of the workers I represent. That's as simple as it gets. Thank you in advance for your decision.

Mr. Richard Koenig, Business Representative for Sheet Metal Workers Local 104: Ever since our Union was established in 1903 on Guerrero St. in San Francisco, Local 104 has been dedicated to raising the standard of living for working men and

women as well as training apprentices to be safe and productive. Today our members are suffering approximately 25% unemployment, therefore the Sheet Metal workers respectfully urge this Commission to approve the PLA for the obvious benefits to our local community as well as the benefits to the traveling public. We look forward to helping San Francisco build a world class Airport. Thank you.

Mr. Ignacio Castillo, Business Manager of Laborers 389, San Mateo: Our brothers and sisters are here from different crafts this morning in support of this PLA, hoping that you will approve it today. Having the opportunity for a lot of workers to go to work on this project. Thank you, and hopefully it will get approved.

Mr. Edward Evans, Carpenters Local 217 San Mateo County: Like the last few folks, I come here to support the PLA and ask that you approve it today. Thank you for letting us come here and talk on such a positive issue. The previous PLA was a fantastic success. It resulted in millions of work hours for local trades people and transformed SFO into the 21st century Airport that we have today, but there is more work to be done. This next PLA, from what I understand, contains nine projects, totaling \$1.1 Billion worth of work over 10 years. So not only will this result in an even more modern and useful SFO, but it will also be a tremendous vehicle for growth and prosperity for local workers and the economy as a whole. Only with the PLA do you get construction of the highest quality in a safe, timely, and efficient manner, and thousands of construction jobs for local workers from both San Mateo and San Francisco counties guaranteed. Jobs that pay prevailing wages and benefits, allowing workers and their families to live in the City and the Peninsula, and finally, you get apprenticeship and pre-apprenticeship which is a leg-up for young local workers looking for any kind of entry into the building and construction trades in order to make a living to raise their families here. Thank you for your time.

Mr. Terry Donnigan, Business Representative for Iron Workers Local #377: Thank you for the opportunity to speak with you this morning. Our local is based in San Francisco. As you all know, San Francisco is a world-wide tourist destination. We want to keep that tourist destination which supports our local economy. We need that first class Airport to bring the tourists here so they can spend their dollars. I urge you to support this PLA which will put local people to work with health and welfare benefits. The PLA will generate multiple man hours and we won't have any labor strikes. I thank you for your time.

Commissioner Mazzola said that we've heard from the speakers and staff so it's back to the Commission. Motion to approve?

The vote was taken.

Commissioner Mazzola said we congratulate both sides. It's a good piece of work.

Item No. 4 was moved by Commissioner Guggenheimer and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Authorization to Amend the Request for Qualifications/Proposal for Contract No. 9015A - Design Build Services for Replacement Air Traffic Control Tower and

Integrated Facilities

No. 12-0020

Resolution amending the Request for Qualifications/ Proposal for Contract 9015A, Design Build Services for Replacement Air Traffic Control Tower and Integrated Facilities to include the Terminal 1 Boarding Area Airline Lounge Shell Space.

Mr. Satero said that this Item modifies the RFQ/RFP process to include additional scope related to the design and construction of the FAA Tower Integrated Facilities in the estimated amount of \$3 Million. This scope was recently identified with the Airport to improve upon the availability of the Delta Club to passengers. The existing Delta Club is pre-security and this would provide them with a space post-security and would certainly get more use and provide a better service for Delta passengers. The Airport has budgeted \$3 Million in the Capital Plan for this and then Delta will be responsible for the build-out of the Airport provided space. By incorporating this scope into the contract, it ensures that it's designed in a coordinated fashion with the other improvements in this area since we will be impacting the checkpoint, Boarding Area C with the construction of the tower and the integrated facilities.

The revised total estimated cost of Contract 9015.A is \$83,361,000. This element of the program will be funded by Airport capital funds.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Award of the Expedited Traveler Service Lease - Alclear, LLC

No. 12-0021

Resolution awarding the Expedited Traveler Service Lease to Alclear, LLC for a term of three (3) years, with one (1) three-year option.

Mr. Tryg McCoy, COO, said I would like to present to you the results of the evaluation panel review process for the Expedited Traveler Lease and my recommendation that this Commission award the Contract to Alclear, LLC. The Expedited Traveler Lease contemplated under this agreement was previously

offered about 2½ years ago at the Airport. Although the program worked well at the time in all of our checkpoints, the provider at the time, Clear, ultimately went out of business in the Summer of 2009. There were 40,000 Bay Area resident members of Clear left without this service.

The TSA has since revamped the program and now once again allows the Registered Traveler Service, now called Expedited Traveler Service, at any US Airport that applies for the service. In the new concept, Alclear personnel will be stationed at most all security checkpoints and will verify membership and escort their members to the head of the security checkpoint lines. The current airline-offered premium passenger lanes will continue at each checkpoint. So as it is right

now, airlines do offer first class premium lanes and those will continue.

In May 2011 the Commission authorized staff to issue an RFP for the Registered Traveler Service. When authorization was given, we had in mind that the provider would be registering passengers, collecting biometric identification, verifying the identification of members at the checkpoint, and assisting those members through the checkpoint queue. Last August we sought and received authorization from the Commission to expand the optional services rendered under the Lease to include concierge-type services such as electronic interface for flight and parking information, the pre-ordering of food from Airport Concessions and other creative amenities. On October 25 of last year, the Commission authorized staff to accept proposals. On November 15, 2011 Alclear, LLC and Jetit Express, LLC tendered proposals. A three-member panel was convened and Alclear was identified as the most responsive and responsible proposer. Members of the panel were:

Lorraine Bockmier from the Airport's Aviation Security Department

Charles Navigante, an Airport Duty Manager

Mary Alexander, Manager of AirServe - a line queue management company, now employed by United, American Airlines and some of the International Carriers.

Alclear was awarded 70 points and Jetit was awarded 64.9 points.

Alclear, LLC, a new company operating Registered Traveler services in Denver, Orlando, and most recently in Dallas Fort-Worth, purchased the assets, including Clear's membership list, but is otherwise unrelated to the former operator. Alclear's business model is currently focused on the checkpoint expediting process rather than a concierge service. Alclear has committed to surveying its members upon award and developing a targeted concierge service, if desired by their customers.

The suggested award of this contract has been delayed since November of last year because we wanted to get this service right. We spent a lot of time working with the airlines and the TSA to ensure ourselves and the other parties that the service will work well. We knew that inserting this service back in the security

checkpoint lines had to be carefully reviewed with the airlines and the TSA.

I am happy to say that Airport staff has held conference calls with the airlines and has toured each security checkpoint with the local airline station managers in an effort to identify the best location for the Alclear queuing lanes at each checkpoint. Careful thought was given to maintaining separation between the proposed Alclear lanes and the existing premium lanes offered by the airlines. Staff and the local airline managers also evaluated and came to agreement on potential locations for the TSA's new program called, PreCheck, which may be located at the checkpoints.

In the future, the TSA's PreCheck program may be introduced. The TSA program is sponsored by an individual airline who applies to the TSA to offer the program. It is not the same as our Expedited Traveler Program. Membership in TSA's PreCheck program is offered to select frequent flyers, and not all users of that particular airline. To date no airline has been approved to have the TSA PreCheck program at SFO. The program is airline and airport specific so even if a particular airline

were to be granted by the TSA to offer the PreCheck program, it would not be offered to all passengers at all checkpoints.

In contrast, passengers flying on any airline in San Francisco, including international airlines, will be eligible to join the Alclear program.

Late last week Henry Thompson and a member of the TSA staff flew to Denver International Airport to see how the program was working. They looked at the Alclear program in Denver and came away very impressed and convinced this program will work well in San Francisco.

Throughout the term of the Alclear lease, Airport staff will monitor the activity at the checkpoints and collaborate with the TSA and the airlines on the optimum usage of each of the security checkpoint lanes. The Expedited Traveler lease includes language allowing for relocations, expansion and contraction of their lease based on the needs of the Airport.

The request before you today is to award the Expedited Traveler Lease to Alclear, LLC. Alclear will pay the Airport the greater of \$650,000, or 10% of gross revenues for each of three years of the base term, with one three-year option available at the Commission's sole discretion. This service can be added to the security checkpoint lanes without detriment, we're convinced of that. It's a service valued particularly by our customers and frequent travelers. We think it's something that our customers want in San Francisco and we're happy to make it available.

Commissioner Guggenhime said that we have to clarify things for people who had Clear. 1) I want a report on what happens with those who still had valid time with Clear. 2) People who had Clear passes that expired. 3) Where do you apply? Can it be done downtown, or do you have to go to the Airport; 4) Is there going to be a separate line at the Airport? At the far end in Terminal 3 we already have a premium line and a regular line. Where will the new line be? Will it be part of the same line?

Mr. McCoy said that membership can be offered for a period of time by Alclear to the previous members. Regarding where the lane will go in Terminal 3, it will go where it use to be, which is not necessarily at Gate 75 at the extreme north end, but at what we call, F West. There is a separate entrance to the main queue area by the elevators. Each Alclear lane will be identified by it's identity, and that's separate from the First Class lanes currently offered.

Commissioner Johns said that it sounds like a lot of confusion between the First Class premium lanes, the new TSA lanes and Alclear. Will we upgrade signage? How will we help passengers know which line to get in, and how will the airlines and Alclear participate in that process?

Mr. McCoy replied that we've done a walk through of each security checkpoint lane with the station manager and have identified where the Alclear lane will be versus the other lanes. Alclear has a way of identifying their lanes. We are concerned about properly assigning the lanes. The TSA lane I spoke of is not yet approved for San Francisco, and it wouldn't be Airport-wide. It would be airline specific so it might be one airline and not another. Should that be the case, we reserve the right in this

contract to go back and lay out the lanes again to be sure that customers can easily see. We won't install signs for the lines. We'll make sure that passengers can easily understand which lane to get into. We have experience in doing this before when Clear operated in 2008/09 and at that time there was no confusion about which lane to enter. We're very focused and our day to day operational staff will be monitoring this very closely. That's why we flew to Denver Airport last week to see how it was done, and how they differentiated the lanes. They don't yet have the pre-checked program in Denver, but I assume that they will.

Ms. Lori Peters, Chair, Airline Affairs Committee in San Francisco, and a United Airlines employee: It's a pleasure to be here this morning to address this subject of Clear. We actually were brought into the discussion with Clear a fairly short time ago and I will give staff due credit. Their involvement with the airlines, at least over the last 30 days or so, has been pretty aggressive. I think you have had a chance to read the letter that we're submitting to record (see attachment). The airline group unanimously is not in favor of the Clear product. Instead, we are in favor of the much preferred PreCheck product for a number of reasons. But having said that, I want to recognize John Martin and staff because there are commitments that they have made to the airline group in the last 30 days that have addressed some of our concerns which include the continuation of the premier product, participation when the PreCheck product is available, and that the Clear product and the employee's working for Clear will implement all the TSA standards, including monitoring carry-on baggage which is an issue we had when Clear was in San Francisco previously.

A little bit about PreCheck because I think it's a product worth drawing a distinction with. Clear is a product that allows front of the line service. The PreCheck product, and the reason that the air carriers prefer it, is that it actually gives customers who want to opt into the program a better hassle-free screening process. Screening is based on certain risk factors but the intent is that passengers would be able to proceed through screening, keeping their shoes on, leaving liquids and carry-on bags, leaving laptops and briefcases and not having to remove outer garments and belts before screening. When this is implemented, and it's anticipated that it will be implemented at SFO, our concern is that we really don't have the real estate to support multiple lanes at these checkpoints. So, we will continue to work with the Airport on this, and I will also say that United for its part, Delta for its, and American for its, are working with the automation to get PreCheck to SFO.

Commissioner Crayton understood Ms. Peters' concern to be that passengers won't be checked thoroughly enough. Is that correct?

Ms. Peters replied that we are concerned that the implementation of Clear will add congestion to already congested checkpoints and that the real solution for the Airport is the PreCheck product. We would prefer that the Clear product not be implemented and instead that the Airport pursue vigorously the PreCheck product.

Commissioner Johns asked if the TSA's PreCheck product would be a paid or pre-paid product. When will it be coming to San Francisco?

Mr. McCoy said he understands that PreCheck is applied for by the airline, not an airport. The TSA then works with an individual airline. Passengers who want to take

advantage of the program have to be frequent flyers of the airline, possibly members of their premium club, somehow associated with the airline so there's some background on each member who applies. Based on knowing about people and who they are, they would receive a different type of screening than they currently do. It won't be open to everyone flying on the airline, just a select group.

Commissioner Johns assumed that it's free rather than pay.

Mr. McCoy replied yes.

Mr. Martin said it's not exclusive of our program, we can have both. The PreCheck doesn't necessarily provide front of the line privilege so it wouldn't necessarily provide the predictability that business travelers want and are able to get from Alclear. Predictable travel time by getting to the front of the line is Alclear's benefit.

Commissioner Crayton said that we're going to have a PreCheck lane and then there's going to be a lane for Clear ... correct?

Mr. McCoy replied yes.

Commissioner Crayton assumed that today everyone is in the same line.

Mr. McCoy said yes, except for premium passengers.

Commissioner Crayton assumed that if you are a Clear passenger you're going to be susceptible to some sort of a screening, correct?

Mr. McCoy replied correct, they simply get to the front of the line and then they go through regular TSA screening.

Commissioner Crayton asked where the clog comes in. According to Ms. Peters, it seems like there's going to be some congestion somewhere and I want to make sure that I'm understanding clearly where that congestion comes in.

Mr. Martin replied that there is limited real estate for processing passengers.

Commissioner Crayton asked if each airline will have to install extra portals for screening.

Mr. Martin said Alclear will have to put in a portal, we have one for United Premier passengers, a separate subline for United global service passengers, and a line for regular passengers. So we're accustomed to having separate lines, making it work, and having the appropriate signage.

Commissioner Crayton asked if we've done this before. Is there an opportunity once we begin and perhaps see that we have a congestion problem to make corrections?

Mr. McCoy replied that we do.

Mr. Martin said that adjustments at the security lines is an on-going process.

Commissioner Johns asked if there are provisions in the contract, if PreCheck is implemented, or do we just deal with it at the time?

Mr. McCoy said Alclear is designated to be at each of our seven security checkpoints. If, in the future, the PreCheck program comes on board, and it's determined that they don't fit in a particular area because there isn't enough room, we will move the Clear program to another area. We do have the option to expand or shrink the size of their footprint based on what goes on in the next three years.

Commissioner Johns asked if Alclear was concerned that if PreCheck goes through it will affect the number of people who want to apply and pay the fee.

Mr. McCoy replied that we have asked them. Alclear will be available to everyone, including international passengers, so I believe their business model allows that there will be enough passengers who sign up. About 60% of their passengers at San Francisco are also members of an airline premier club so they can use the premier lane, but they still bought access to the previous Clear program.

Commissioner Johns asked if the Alclear portals will be staffed by the TSA, or will the passenger then have to go through a TSA portal as well?

Mr. McCoy replied that they go through and then get into a TSA security lane.

Mr. Martin clarified one comment ... Alclear will be at every single checkpoint and if the airlines want PreCheck at every checkpoint they are not exclusive of each other.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

6. Authorizing Negotiations for Parking Management Contract

No. 12-0022	Resolution authorizing negotiations for a Parking Management Contract with New South Parking-California.
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Ms. Cheryl Nashir, Associate Deputy Director, Revenue Development and Management presented the results of the RFP and evaluation committee processes on the Parking Management Contract and recommended that staff be authorized to begin negotiations with the highest ranked and most responsive proposer, New South Parking-California (NSP). An RFP was issued October 26 and three proposals were received on December 12. Airport staff reviewed the proposal packages and found that they all met the minimum qualifications. A three member panel was seated to score the proposals. In accordance with the RFP, the two highest scoring proposers were invited to interview. The interviews were scored and NSP came out on top both in the proposer review process and interview process. NSP, the incumbent operator, is a partnership between Central Parking Systems, Inc. and Global Parking Systems, LLC and they make the Airport's goal of 30% ACDBE. Under the current contract, NSP has a sub-contract with a local firm, Pacific Park Management which manages the employee parking lots in the contract.

Under the new proposal, NSP once again proposes sub-contracting this portion of the business to a local firm, this time San Francisco-based Gentle Parking, LLC. The contract term is for 5 years with no options. Annual gross sales are currently around \$80M and annual expenses around \$18M. The guaranteed maximum price for the first year of the new contract is a modest 1.7% higher than the existing budget. The existing 227 employees are represented by four different labor unions and will be retained under the City's Worker Retention Policy. The new contract will start July 1st. Today we are seeking authorization to negotiate with New South Parking-California and will return to the Commission in a month for award.

Commissioner Crayton noticed that AMPCO was not in the oral interview.

Ms. Nashir replied that in accordance with the RFP, just the two top scoring firms were invited in for an interview. AMPCO was in third place.

Commissioner Johns asked how long was the term of the current contract? What entities were part of the last contract, and are they the same entities going into this contract?

Ms. Nashir replied that the last contract was three years with two, one-year options ... a total of five years. NSP was made up of the same two entities which are Central Parking and Global Parking Systems. What's different this time is the sub-contract. Under the current NSP contract Pacific Park Management is the sub-contractor. In the new proposal NSP selected Gentle Parking as the sub-contractor.

Commissioner Johns asked if we knew why they changed sub-contractors.

Mr. Martin replied that we don't ask why. That was their proposal. Gentle Park is a small local firm and minority owned.

Commissioner Johns asked how long they have been in existence.

Ms. Nashir replied about ten years. They operate two parking garages in the City.

Commissioner Johns asked if they were large or small.

Ms. Nashir replied that they are about 200 spaces each.

Commissioner Johns asked if we know how much Pacific Park had ?

Ms. Nashir replied that she did not know.

Mr. Martin said that Pacific Park, a much larger company will mentor Gentle Park, a much smaller company. They will need more support. NSP is doing what is intended ... as the prime they will work with the sub to help them develop skills.

Commissioner Johns assumed that we will monitor this to make sure that the service is as good as before and that the new sub lives up to the requirements.

Mr. John Newman, attorney on behalf of NSP, your parking operator at SFO. NSP is honored that following the extensive RFP process and the unanimous findings of the RFP panel which scored the written and oral presentations that this resolution is now before you to authorize contract negotiation. Almost five years ago now representatives of Central Parking System and its ACDBE joint venture partner, Global Parking System appeared before you. This joint venture pledged to you that if it was awarded the contract, that the Airport would see improved service and performance. Through hard work and great communication with the management team at SFO, NSP has achieved meaningful results in increased revenues, solid labor relations, facility cleanliness, and customer service. With us today is Jason Finch, General Manager of NSP and William Ortiz of Gentle Parking, based in San Francisco. Gentle Parking is our proposed local business enterprise and MBE team member that will oversee the employee parking component of this new contract. Pacific Park Management was invited by our joint venture to continue to participate with us going forward on this contract but declined to do so. NSP is ready, willing, and able to promptly finalize the contract, and if awarded, NSP will continue to look for additional ways to enhance performance in the next term of this positive working relationship. Finally, NSP would like to take this opportunity to thank SFO management for the outstanding working relationship to date with Kevin Van Hoy, Gary Franzella, Leo Fermin and of course, Director Martin. SFO has a first class management organization and NSP is proud to be associated with it. Thank you.

Commissioner Crayton noted Global Parking System, LLC is an Airport Concession Disadvantage Business Enterprise?

Ms. Nashir replied that it is.

Commissioner Crayton asked if they have been doing business with us previously.

Ms. Nashir said that they have ... under the current parking contract.

Commissioner Crayton assumed that they have current parking employees.

Ms. Nashir said they're part of the current team that manages the parking contract.

Commissioner Crayton said this is Central Parking Systems, Inc. and Global Parking. So Central Parking System is actually the MBE, is that correct?

Ms. Nashir replied no. Central Parking Systems is in partnership with Global Parking Systems, and Global Parking Systems is the ACDBE, which is the Federal designation. They are sub-contracting with a local business enterprise.

Commissioner Crayton said so they're not local, but they're subcontracting with a local business enterprise which is the Gentle. I've not heard of them before.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 10, was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

7. Award Professional Services Agreements for As-Needed Project Support Services for Capital Improvement Plan Projects: Contract 9026.8, EPC/CM West J.V. - \$900,000 for the first three years; Contract 9026.9, AECOM - \$900,000 for the first three years

No. 12-0023
No. 12-0024

Resolutions awarding Professional Services Agreements for Contract 9026.8 and 9026.9, As-Needed Project Support Services for Capital Improvement Plan Projects to EPC/CM West J.V. and AECOM respectively, each in an amount not to exceed \$900,000 for the first three years.

8. Request for Qualifications to Establish As-Needed Pools of Consultants to Provide Professional Services for Airport Planning and Environmental Services

No. 12-0025

Resolution authorizing issuance of a Request for Qualifications to establish three pools of As-Needed Consultants to provide Professional Services for Airport Planning and Environmental Services for a two-year term.

9. Reimbursement to JP Morgan Chase Bank, N.A. for the Relocation of an ATM

No. 12-0026

Resolution approving reimbursement to JP Morgan Chase Bank, N.A. at a not-to-exceed amount of \$10,000 for costs incurred in an ATM relocation in Terminal 3, Boarding Area F Hub.

10. Approval of a 2011 Lease and Use Agreement with JetBlue Airways, a Delaware Corporation

No. 12-0027

Resolution approving a 2011 Lease and Use Agreement with JetBlue Airways Corporation, a Delaware Corporation, for operating rights at San Francisco International Airport.

* * *

H. NEW BUSINESS: \

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located

on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act Sections 54954.2(b)(2) and 54954.5 and Sunshine Ordinance Section 67.11.

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:59 AM.


Jean Caramatti
Commission Secretary

San Francisco Airline Airport Affairs Committee

January 31, 2012

Airport Commission Members
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128-8097

Dear Airport Commission Members:

I am here today as the Chairperson of the San Francisco Airline Airport Affairs Committee, comprised of the 39 airlines serving San Francisco International Airport. The SFAAAC is opposed to the implementation of the third-party Expedited Traveler program to be operated by CLEAR. It is our collective position that the Airport lacks sufficient area for the program and that the program offered by CLEAR is not the right solution for the Airport.

TSA partnered with the industry earlier this year to pilot PreCheck at several airports nationwide. American Airlines and Delta Air Lines launched the pilot in fall of last year, and both United Airlines and US Airways will join the program in 2012. PreCheck affords customers who opt in to the program the opportunity to be selected for reduced security screening based on various risk factors. Reduced screening could include permitting passengers to: (1) keep shoes on during screening; (2) leave liquids in carry-on bags; (3) leave laptops in their briefcase; and (4) not have to remove an outer garments or belts before screening. In contrast to CLEAR, where the primary benefit offered to passengers is the ability to use an expedited line for screening, we believe that the value proposition of the PreCheck program far outweighs the benefits offered by the CLEAR program to our customers.

PreCheck will ultimately benefit a larger numbers of passengers than the CLEAR program, and allows TSA to focus on detailed screening for those customers who are identified as potentially posing a higher threat. The PreCheck program ultimately reduces security line waits and the perceived inconvenience of the existing security screening experience. Conversely, CLEAR will serve fewer passengers and be less efficient while still occupying valuable passenger checkpoint areas. We believe CLEAR may result in significant passenger confusion and additional delays at security screening checkpoints.

We do want to acknowledge and thank the Airport for responding in part to our concerns. It is our understanding that CLEAR will not interfere with our premium customer lanes nor will it impede the implementation of the TSA PreCheck program.

Furthermore, CLEAR is required to perform all functions as approved and required by the TSA.

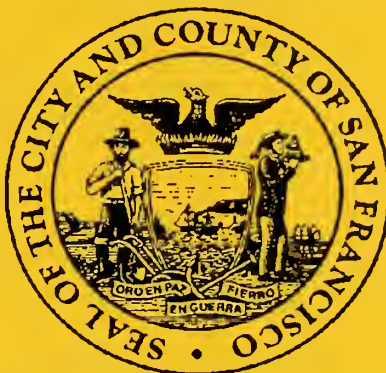
In closing, we believe implementing the CLEAR Expedited Traveler program will contribute to already congested checkpoint areas, and that implementation will confuse and possibly delay passengers. Furthermore, we strongly believe that the PreCheck program offers a significantly enhanced security screening experience that what can be offered by the CLEAR program. PreCheck has been enthusiastically welcomed by the airports and customers where it has been implemented on a pilot basis (Atlanta, Dallas, Miami, Detroit, Las Vegas and Minneapolis/St. Paul) and is compliant with all requirements as set forth by TSA. Salt Lake City and New York-JFK will come on line in the next couple of months. As such, the Airlines urge the Commission to decline implementing the CLEAR Expedited Traveler program and instead focus Airport staff and Airline efforts on planning for PreCheck.

I am happy to respond to any questions you have regarding our opposition on CLEAR.

A handwritten signature in black ink, appearing to read 'Lori Peters', with a stylized, cursive script.

Lori Peters
Chairperson
San Francisco Airline Airport Affairs Committee

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 21, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

**COMMISSIONERS
LARRY MAZZOLA**

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
February 21, 2012

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AIRPORT COMMISSION MEETING MINUTES
February 21, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President Hon. Eleanor Johns Hon. Richard J. Guggenheimer Hon. Peter A. Stern
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Hon. Linda S. Crayton, Vice President arrived at
9:15 AM.

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 31, 2012 were adopted unanimously.

No. 12-0028

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Johns said that she has raised the issue of the composition of panels over the years. Today's calendar includes an RFP regarding parking. That panel consisted of three or four members ... I think there were three Airport employees and one outside person. I have the feeling, and I discussed this over the years, even in my days in the Mayor's Office, that I think we need to have more objectivity, especially when there is an incumbent in the mix. I don't know how we do that, or what can be done and it's not just an Airport issue, it's a City-wide issue. I wonder if there could be some input from the City Attorney's office. I've discussed this with City Attorney Herrera in the past so it's not a new issue but one that comes up again and again. I've also discussed it with Director Martin, so it's something that I would like to raise.

Commissioner Mazzola asked Commissioner Johns if it should be two and two instead of three and one.

Commissioner Johns replied that she doesn't know how many it should be or whether it should be all outsiders, but I'm curious to know if this is an issue in other departments. I don't know how expensive it is to get outsiders all the time. I suppose there are some benefits from having an insider but I don't know that it should be three and one.

Commissioner Guggenhime said it would be helpful, since I don't know what goes into the picking of the panel, is to ask Tryg, or John, or the staff to put together a little description ...here's what we consider when we select a panel, here's how many people have historically been involved, perhaps compare with other departments if its relevant at all. I would just like to understand.

Commissioner Johns said that she didn't understand either.

Commissioner Mazzola said that he would like to know how other departments pick their panels.

Commissioner Johns added that it's a city-wide issue. It's just a thought.

Commissioner Mazzola suggested that we find out how the PUC and DPW pick their panels. We can then discuss it further and perhaps satisfy some concerns.

Mr. Tryg McCoy, COO replied that we'll be more than happy to that. We'll take a look at what other Commissions do, how and why we come up with the panels that we do, and report back to the Commission.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Proposed Fiscal Year 2012/13 and Fiscal Year 2013/14 Operating Budget

No. 12-0029	Resolution approving proposed Airport Commission \$805.7 million Operating Budget for Fiscal Year 2012/13 and \$841.3 million for Fiscal Year 2013/14.
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Mr. Leo Fermin, Deputy Director Business and Finance said that in the prior two years we submitted a two year Operating Budget. However, next year the City will not require us to resubmit the second year so long as adjustments to the second year are within 5% of the submitted budget.

Our proposed budget for FY 2012/13 is \$805.7 million, an increase of \$20.5 million or 2.6%. For the second year, FY 2013/14, there's a 4.4% increase to \$841.3 million which is \$35.5 million overall.

The increases are primarily in several categories. In Salaries and Fringe Benefits we are planning for the end of furlough days for most employees. These furlough days negotiated by the City in 2007 pushed salaries down by 4.62% and they will now be reinstated. Further, we are proposing to add 10 new positions next year and three new positions the following year. Also, we are now fully annualizing the 24 positions added last year. We are also projecting an increase in the employer contribution to the retirement plan. Our current contribution rate is about 18% and the City has instructed us to budget in the range of 18.13% to 24.85%,

depending on the position. We're also budgeting for a 10% increase in healthcare costs.

Certain professional service costs are also increasing. In total, we have provided for an increase of \$1.5 million for a number of contracts. Of this, \$800,000 is for increased parking shuttle bus service to Lot D for the public parking customers, and an increase in the budget for maintenance costs for the parking shuttle by \$300,000. Also, in Agenda Item 3, the New Parking Management contract's first year is about \$101,000 more than this current year's budget. The remainder of the increase is for various work such as enhanced credit card security, technical help desk support, information systems development and Medical Clinic costs.

Finally, debt services is increasing because of the scheduled ramp up overtime for the Master Plan bonds, plus the debt service for Terminal 2. When we sold the Master Plan bonds, we structured the debt service such that the debt service was lower in the earlier years and then increasing in the later years. This was so we could match the debt service for the growing enplanements and growing revenues overtime.

Commissioner Johna noted the amount for services from other departments and asked why it had gone up so much.

Mr. Fermin replied that we've kept it to a 0.1% increase. That's for the electricity costs that are billed to us by the PUC and a portion of that electricity cost we in turn bill our tenants for their usage so it sort of comes back in revenues as well.

Commissioner Mazzola asked why the City does not require us to come back. What led them to make this decision not to review the second year.

Mr. Fermin replied this is a new initiative that they're applying to all enterprise funds so it applies not just to the Airport, but to the PUC and the Port of San Francisco. I believe its an effort to streamline the City budget process.

Commissioner Mazzola asked if we don't go back regardless of whether it's high or low, as long as its within the 5%.

Mr. Fermin replied that he believed that we do not return as long as we don't go 5% higher. If it's 5% lower, I believe we don't have to go back to the City.

Commissioner Mazzola said that it's not 5% on either side, it's just 5% higher.

Item No. 2 was moved by Commissioner Johns and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

2. Approval of the Airport's Five-Year Capital Plan and Ten-Year Capital Plan for FY 2012/13 to FY 2021/22

No. 12-0030

Resolution approving the Airport's \$763.7 million
Five-Year Capital Plan and \$1.9 billion Ten-Year

Capital Plan for FY 2012/13 to FY 2021/22, and authorizing the Airport to seek \$395.6 million in a capital supplemental appropriation for debt and annual appropriations of \$77.9 million in FY2012/13 and \$74.9 million in FY 2013/14.

Mr. Fermin said that last year the Five-Year and Ten-Year Capital Plans totaled \$620 million and \$973 million respectively. Today we are requesting a revision to \$763.7 million and \$1.9 billion respectively. We have focused on the Five-Year Capital planning horizon with our airlines. The 10-year horizon is required by the City's Capital planning process. The Five-Year Capital Plan includes 60 projects. Significant projects include the Runway Safety Area program (\$214.2 million), the Terminal 3 Boarding Area E Redevelopment program (\$115.9 million), the new Air Traffic Control Tower and Integrated Facilities (\$79.9 million) plus \$33.5 million for the Integrated Facilities, the Baggage System Upgrades (\$70.9 million), the Terminal 3 Checkpoint Reconfiguration program (\$45.7 million), and the West Field Cargo Redevelopment project (\$30.9 million). We estimate that this Five-Year Capital Plan work will generate about 4,000 jobs, and the Ten-Year Plan about 11,900 jobs. The Five-Year Capital Plan will require appropriations of \$395.6 million in bond proceeds, and \$77.9 million and \$74.9 million for grant monies in the next two years.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

3. Award of the Parking Management Contract - New South Parking-California \$95,969,983 for a Five-Year Term

No. 12-0031

Resolution awarding Contract No. 9121 to New South Parking-California, for the management and operation of the Airport's Public and Employee Parking in an amount not to exceed \$95,969,983 for a five-year term, effective July 1, 2012.

Mr. Fermin said that three proposals were received for this contract on December 12th, and on January 21st the Commission approved New South Parking - California (NSP) as the highest rated proposer and authorized staff to commence contract negotiations with New South Parking. The four member panel (two Airport employees and two from outside the Airport) reviewed the three proposals. NSP is a partnership between Central Parking Systems, which owns 70% of the partnership, and Global Parking System, a federally certified Airport Concessions Disadvantaged Business Enterprise or ACDBE which owns 30% of the partnership. In turn, this partnership is subcontracting the management and operations of the employee parking garage and lots to Gentle Parking, LLC, a certified local business enterprise in San Francisco. The subcontract for employee parking accounts for approximately 6% of the guaranteed maximum price. For the first year of this five year contract, which starts July 1, 2012 the guaranteed maximum price is \$18,076,385, which is about \$101,000 higher than this current fiscal year's budget of \$17,975,000. The contract has controls on

cost such as a specified guaranteed maximum price for each specific year of the contract, however, if needed for any increase in the scope of services the Commission can approve any increase in the GMP. The management fee is fixed for each contract year with no escalation. Indirect labor costs are limited to no more than 65% of direct labor costs, and finally, individual line item costs are tracked on a line item basis at about 62 different line items. To ensure a high level of customer service, the contract also has controls addressing customer service levels such as a mandatory customer service training for all employees every year, use of mystery shoppers to check the condition of facilities and staff service, and minimum acceptable janitorial service standards stipulated for each parking facility.

Mr. John Newman on behalf of NSP said that with him this today are Jason Finch of Central Parking, your General Manager of SF Parking Operations, Ronnie Burns of Global Parking, the 30% ACDBE Joint Venture Partner, and William Ortiz-Cartajena of Gentle Parking, our new LBE Local Business Enterprise participant for the Employee Parking. The team is honored to be selected. We were ready, willing and able to complete the contract at the last hearing, we did so promptly and we're ready to proceed. Thank you for your consideration.

Item No 4 was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Adoption of CEQA Findings and Award of Contract No. 3590C - RSA South Field Drainage Improvement - Disney Construction - \$12,914,114

No. 12-0032

No. 12-0033

Resolution adopting CEQA findings for the RSA program and Award of Contract No. 3590C, RSA South Field Drainage Improvement, to the lowest responsive, responsible Bidder, Disney Construction, in the amount of \$12,914,114.

Ms. Jean Caramatti, Airport Commission Secretary, explained that the item before the Commission contained one resolution adopting the CEQA findings and awarding the contract. There are now two resolutions before the Commission ... one resolution adopts the CEQA findings and the other awards the contract.

Mr. Ivar Satero, Deputy Director, Design and Construction said that this agenda item is the first construction contract of the Airport Runway Safety Area (RSA) Program, and recommends that the Commission adopt the CEQA findings related to the entire RSA program, as well as award this contract to Disney Construction in the amount of \$12.9 million.

It is a major program for the Airport ... \$214 million ... and is unique in that it is being designed almost entirely by Airport staff. The Design Team consists of Jim Chiu, Program Manager, Tiffany Yip and Ellen Alberto are Designers, and Chris McManus is our Design Lead. They're working very hard on this program. Also, exceptional work is being done by John Bergener and his Planning staff, Audrey Park and Nixon Lam, to get to the CEQA findings in a positive and timely

way for us.

Regarding the CEQA findings, the City's Planning Department determined through the issuance of the Final Mitigated Negative Declaration, that the RSA Program could not have a significant impact on the environment, with the application of the mitigation measures that were attached to this package as part of Exhibit A. The contract is the first construction contract award in support of the program, and therefore will be subject to these measures to ensure the protection of the cultural and paleontological resources, air quality, biological resources, hydrology and water quality, and hazardous materials.

Along with the mitigation measures, although not required, Staff is recommending that the Commission adopt two of the three additional protection measures, including I-TR-1 related to traffic control during construction, and I-AQ-2, which is related to the additional fugitive dust emission reduction.

In regards to the work under this contract, the scope of the work involves relocating and improving the existing storm drainage system in the south field area, and this will prepare the site for the configuration of the RSA's at the south end of the I-19 runways.

The Airport received nine bids on this contract with very competitive pricing. A bid protest was received by Proven Management to Disney's bid, however, with the assistance of the City Attorney's Office and thorough Staff review, we determined that the protest was without merit and therefore Disney is determined to be the lowest responsive and responsible bidder, with a bid of \$12.9 million.

Disney has committed to achieving 30% SBE subcontractor participation, in comparison to the Airport's best efforts goal of 14%.

Commissioner Crayton noted that the Engineer's Estimate is \$17,480,000, or nearly \$18,000,000 and the lowest bid was \$12.9 million. We have some reliable construction companies that we dealt with before that are coming in near the Engineer's estimate. I'm curious how Disney Construction can do this at this low rate. It's almost as if they low balled their bid to get the contract and then we're going to get a lot of bid overruns in order to make this happen. Does it give rise to concern when the Engineer's estimate and the bid amount are so far apart?

Mr. Satero replied that it does. We did a thorough bid analysis and looked at every bid item and compared the bidders and they were all over the map. We had high bids from some companies, some particular bid items, low bids, so there wasn't really consistency in the bids, in the bid item. We also met with Disney's management and owner to assure ourselves that they are confident with their bid and they can perform the work under the bid amount. They've assured us that they are very satisfied with their \$12.9 bid and don't anticipate any problems. We've also done a bit of checking on Disney. We haven't worked with Disney before. They're a Burlingame based company. Although the company is new to the Airport, the people in the company are not. Two of their key personnel have worked at the Airport under other companies. Disney Construction has significant civil experience ... they built the Devil's Slide bypass bridge, a major construction

project. We're very satisfied with the qualifications of the personnel and the firm and we think their bid is good.

Commissioner Crayton asked if they have done a contract like this before.

Mr. Satero replied they've done pavement projects before and their people have done airfield projects. This is their work ... pump stations and underground piping.

Commissioner Crayton asked what is the major component that differentiates their bid from the other bids. I believe the cost analysis will show that it's the steel or something that's causing them to bid lower than the others. I'm really concerned as to what it would be.

Mr. Satero asked Project Manager Chris McManus to comment. Chris, are there a couple bid items that had a major discrepancy in the cost proposed that caused them to be low?

Mr. McManus said that the bid items that Disney came in lower on were mostly due to the excavation and underground work. As Ivar mentioned, this is work that they generally do. So their excavation, their shoring and their pipe installation and storm drain pump station construction work was lower than most of the other contractors, so I think that's where most of their cost savings were.

Commissioner Crayton asked if that didn't raise concern because those costs should be similar somewhere and they are very important parts of the project.

Mr. McManus said that is work they do as a company; they don't sub it out so they can control their cost. They don't have to rely on a subcontractor.

Commissioner Mazzola asked if they are prevailing wage contractors. I have never heard of them.

Mr. Satero said they are subject to prevailing wage. Certainly we will have to follow the City's requirements.

Commissioner Mazzola asked if they know that.

Mr. Satero responded that they know. I think they self perform that work so they're not paying mark-up. I think their self perform work was \$1.2 million, or possibly a larger number.

Commissioner Mazzola asked if that is the difference of \$5 million from our Engineer's.

Mr. Satero replied that's some of it, that's some of it. You know we just received bids last week on the second contract of the RSAs and we're seeing a very similar pattern and so we're going to go back and look at our Engineer's estimates, we may have been too conservative in our estimates, we got very favorable bids on the next project for the RSAs program as well so we'll look at that, but we're very

confident with Disney and their bid. We think it's a good bid.

Commissioner Johns said that we've seen these Engineer estimate discrepancies in the past and I think Ivar said that he had in place a new program that helped shore up the discrepancies so that the Engineer's estimate was a bit closer to the bid process. It seems to me this is the first one in a while that's this broad. Is there any reason for that?

Mr. Satero said that we did a process of estimate validation and double checked and a triple checked. Perhaps it was a conservative estimate but we did our due diligence with outside estimating support. I think there's so much competition out there. Just the grouping in the \$14 million range, maybe we're too conservative on our estimates, even though we're seeing improvement.

Commissioner Johns said that was my point. There's so many in the \$14 million range. The difference with Disney and the rest is \$1.3 million, but there is still a discrepancy between all the groups of 14's and the 17's.

Mr. Satero said it does cause us to look at what's going on there. But then there are some big estimates at \$18.7 and \$20.5, but I understand what you're saying with the grouping.

Commissioner Mazzola noted that the protest claimed unsafe construction history and asked what that meant.

Mr. Satero replied that the claim was a concern to us as well. Apparently they have had a safe record for the last three years. Four years ago, in 2007/08 time frame they had a job that was finishing up and at the very tail end of the job they had a high occurrence of workers comp claims and it was at a time when economic conditions were getting worse so there is concern about all of those claims that came in a very short duration at the very end of a contract and so, I don't know there's no evidence or proof of anything but there's just this feeling that you know something happened at the end of a contract and it doesn't seem to be a fair reflection of the safety of that company. It's what caused their rating to jump up. It was a very short time frame and on a single contract.

Commissioner Mazzola said these discrepancies that far apart ... almost 40% or 35%. When they get that far apart you've got to help us here. I don't feel comfortable voting for something that's that far off. Our Engineer's say it costs this, and somebody comes in and bids something lower.

Commissioner Guggenhime asked Commissioner Mazzola that you've got three bids within \$1.5 million of each other and if you don't sub it out ...

Commissioner Mazzola said you can't say that. You can't say \$5 million, okay it's passed. Good luck with the project.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

5. Modification No. 1 to Contract No. 8974.9 - Construction Management Services for the Terminal 3, Boarding Area E Refurbishment Project - PGH Wong Engineering Inc. - \$3,465,750

No. 12-034 Resolution authorizing Modification No. 1 to the Professional Services Agreement, Contract 8974.9, Construction Management Services for the Terminal 3, Boarding Area E Refurbishment Project, with PGH Wong Engineering, Inc., in an amount not-to-exceed \$3,465,750, and to extend the duration of Contract 8974.9 to June 30, 2015.

Mr. Satero reminded the Commission that we re-solicited the Boarding Area E project. After the successful opening of Terminal 2, we determined that Terminal 2 would be the standard for future terminal renovations. As a result, the Boarding Area E project took a significant turn and caused the termination for convenience of the design build contract and the re-issuance of a new design build contract. Due to the change in the character of the project we require these services to support the new scope of work and the extended contract duration.

PGH Wong provides CM services that support the Boarding Area E project. We are modifying their contract to continue these services and to provide for CM services throughout the duration of the larger Boarding Area E project. We've been very satisfied with the PGH Wong services to date. Also on-going is the Terminal 3 Checkpoint Project. We've integrated the PGH Wong CM team with the URS CM team and created a consolidated organization to ensure that the Boarding E project and the Terminal 3 project schedules are all properly planned and coordinated and that the team acts as a single team in delivering the Terminal 3 and Boarding E improvements. We have negotiated the staffing, fee, and budget for the services through to completion in the amount of \$3,465,750.

Commissioner Johns said my only concern is that the original contract was \$1,700,000 and we're now authorizing \$3,400,000, but we're not going out to bid.

Mr. Satero replied that it's not. We looked at what had changed scope wise and looked at the original RFP, and whether it contemplated the scope of work that is required for the larger project, and it does. None of the services have changed. It's solely a reflection of the size of construction project.

Commissioner Johns said that the dollar amount dictates perhaps who's going to get involved in these projects. When I did the math it struck me it's quite a bit more than what we had originally approved.

Mr. Satero said that he understood.

Commissioner Crayton added that it didn't go out to bid because of the company, from what I'm reading. The original contract was terminated with Hensel Phelps ... and they don't do design build, is that it?

Mr. Satero said that we terminated their contract which was the original design

build contract under the much smaller project. That was context for you to understand the CM is in support of that bigger design build project.

Commissioner Crayton said okay so you decided to give it to this one company as result of

Mr. Satero apologized for not setting the stage properly. We selected PGH Wong through a selection process for the Boarding Area E project. They were off the pool list of CM Consultants. I've gone to the pool list and given everyone an opportunity on this project, and they were selected from the seven firms on the pool list originally and determined to be most qualified. We also set the standard that every firm on that pool list would get at least one award before a team got a second award. The solicitation was restricted to the seven firms in the pool and we are modifying that contract that was originally a competitive solicitation to the CM pool list.

Commissioner Guggenhime said that the concern is, as I remember it from my days on the Parking Authority, that somebody gets the bid and then returns next year to say that they're losing money. They might not have gotten the contract if they made a reasonable bid the first time; they got it because they were low. The concern is that we accept the bid and all of a sudden they want to change the price because they can't make it work.

Commissioner Johns said her concern is that this is a greater scope of work, but it's a large scope of work in terms of dollars.

Mr. Satero said that it's not a competitive bid situation. This is not a situation where they proposed a low price and now we're subject to negotiating a higher price. They were selected strictly on qualifications. There was no cost evaluation in their selection. It was a negotiated amount. All the billing rates are the same billing rates. The people are the people. It's a longer duration, but we've added additional people.

Commissioner Johns assumed that it's because they're in the pool.

Mr. Satero replied yes. ,

Commissioner Crayton said and if there was a dollar amount on the pool?

Mr. Satero replied no. It's all based on the scope of work that goes to the firms on the pool list.

* * *

F. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 6 through 12, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous. Item No. 13 was removed from the calendar without discussion.

6. Award of Trade Bid Package Set No. 1 to Contract 8970 - Closed Circuit

Television Advanced Surveillance Program - Siemens Industry, Inc. - \$732,556

No. 12-0035 Resolution awarding Trade Bid Package Set No. 1 to Contract 8970, Closed Circuit Television Advanced Surveillance Program to Siemens Industry, Inc., in the amount of \$732,556.

7. Modification No. 24 with SFO Shuttle Bus Company, Inc. Effective January 1, 2012 through November 30, 2012 - \$8,000,000

No. 12-0036 Resolution approving Modification #24 with SFO Shuttle Bus Company, Inc. to exercise the fifth of five one-year options effective January 1, 2012 through November 30, 2012 in the amount of \$8,000,000.

8. Authorization to Issue a Request for Proposal - Professional Services for Contract No. 9185.3, Airport-Wide Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration

No. 12-0037 Resolution authorizing the Director to issue a Request for Proposal (RFP) for professional services for Contract No. 9185.3, Airport-Wide Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration.

9. Authorization to Issue a Request for Qualifications to Establish a Pool of Qualified Contractors to Provide International Strategic Marketing Alliance Services

No. 12-0038 Resolution authorizing staff to issue a Request for Qualifications (RFQ) to establish a pool of qualified contractors to provide International Strategic Marketing Alliance Services for varied scopes of work for overseas locations in order to increase International passenger and cargo traffic and Airport revenues.

10. Modification No. 2 to Contract No. 8465B - Superbay Hangar Fire Protection Improvements, Phase B - Schembri Construction - \$180,000

No. 12-0039 Resolution approving Modification No. 2 to Contract No. 8465B, Superbay Hangar Fire Protection Improvements, Phase B, with Schembri Construction in an amount not to exceed \$180,000 for a new total not-to-exceed contract amount of \$1,979,848, to provide for additional budget and a time extension to replace additional components of the fire protection

system.

11. Modification 8 to the Aircraft Noise Management System Contract No. 8319 Exercise the Last One-Year Option for Maintenance Services - Bruel and Kjaer EMS, Inc. - \$278,000

No. 12-0040

Resolution approving Modification No. 8 to the Aircraft Noise Management System Contract with Bruel and Kjaer EMS, Inc. (formerly known as Lochard Corporation) to exercise the last one-year option for Maintenance Services, retroactive to July 1, 2011, and increase the dollar amount by \$278,000 for a new total contract not-to-exceed amount of \$4,369,313.

12. Approve Software Maintenance Agreement with Intergraph Corp. - \$150,000

No. 12-0041

Resolution approving Software Maintenance Agreement with Intergraph Corporation to provide Help Desk service for the Communications Center's Computer Aided Dispatch (CAD) System for Fiscal Year 2011/12 in an amount not-to-exceed \$150,000.

Item No. 13 was removed from the calendar without discussion.

13. Assignment of Two Leases from XpressSpa S.F. International, LLC to XpressSpa Holdings, LLC

Two (2) Resolutions assigning Airport Spa Lease No. 06-0242 and Terminal 2 Spa Lease No. 10-0041 from XpressSpa S.F. International, LLC to XpressSpa Holdings, LLC.

* * *

G. NEW BUSINESS

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

Mr. McCoy commented that we heard you loud and clear about the Engineer's estimate ... the high in this one and maybe low on others. We will go back and carefully take a look at the Engineer's estimate, how we come up with it, we'll look at the spreadsheets

and the Engineer's estimate line by line, where we were off. We'll do a careful study and get back to you about that.

Commissioner Guggenhime said that it's really a confidence issue. I understand that there can be differences. When I first came on the Commission, the Engineer was all over the lot and that makes me nervous because we want to be able to rely on the Engineer to help us.

* * *

H. CORRESPONDENCE:

There were no requests to speak from the public.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act Sections 54954.2(b)(2) and 54954.5 and Sunshine Ordinance Section 67.11.

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12.

* * *

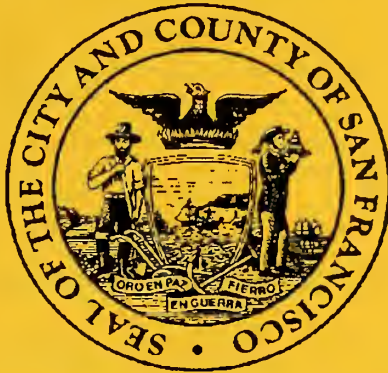
J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:40 AM.


Jean Caramatti
Commission Secretary

03-21-12 P12:31 TN

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

March 6, 2012

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
March 6, 2012

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SECTION	ITEM	TITLE	NUMBER	PAGE
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C.		ADOPTION OF MINUTES:		
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D.		ITEMS INITIATED BY COMMISSIONERS:		3
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE;		
	1.	Amendment No. 1 to Contract 8792D, Runway Safety Area Reimbursable Agreement with FAA	12-0043	3-4
	2.	Reimbursable Agreement with FAA for Contract 9141, Runway Status Lights System	12-0044	4-5
	3.	SFO-Presidio Trust Funding Agreement - Purchase Wetland Creation Acreage to Provide Compensatory Wetlands Mitigation for RSA Program		5
	4.	Commence RFP Process for the Terminal 3 Common Use Club Lease	12-0045	5-6
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	5.	Purchase 14 CNG Buses from Mineta San Jose International Airport and Upgrade SFO's Existing Bus Fleet Communications & Monitoring Systems	12-0046	7
	6.	Award Contract 8976 - Terminal 3 Hub Food Court Expansion - L.C. General Engineering & Construction Inc.	12-0047	8
G.		NEW BUSINESS:		8
H.		CORRESPONDENCE:		8
I.		CLOSED SESSION:		8
J.		ADJOURNMENT:		8

AIRPORT COMMISSION MEETING MINUTES

March 6, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 21, 2012 were adopted unanimously.

No. 12-0042

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Amendment No. 1 to Contract 8792D, Runway Safety Area (RSA) Reimbursable Agreement with the FAA - \$1,487,913.33

No. 12-0043

Resolution authorizing Amendment No. 1 to Contract 8792D, Runway Safety Area (RSA) Reimbursable Agreement, with the FAA in the amount of \$1,487,913.33 for support with the navigational aids system scope of work.

Mr. Ivar Satero, Deputy Director, Design and Construction said that this item

authorizes the Airport to modify the Reimbursement Agreement with the FAA in order to provide for FAA design and construction expertise and support for the nav aids design work of the Airport's Runway Safety Areas (RSA) Program, in an amount of almost \$1,488,000.

The Airport is well underway with the RSA program and has successfully completed the Environmental Assessment work with the support of the FAA under the original Reimbursement Agreement. Amendment No. 1 provides for the next phase of services required from the FAA for design and construction support of the navigational aid systems of Runways 10-28s.

Under this Amendment, the FAA will provide specialty equipment, construction oversight and certification of the navigation systems for the two 10-28s. Staff has negotiated the scope and fees to support this work, as it continues to negotiate the Federal funding component of the RSA program, currently estimated at 65%.

Following the successful implementation of the RSA Program, Runways 10-28 scopes of work, Staff anticipates returning to the Commission with a second amendment to provide for similar support for the Runways 1-19 scopes of work.

All costs are currently budgeted as part of the overall \$212 million RSA Program budget.

Item No. 2 was moved by Commissioner Guggenheimer and seconded by Commissioner Stern. The vote to approve was unanimous.

2. Reimbursable Agreement with the FAA for Contract 9141 - Runway Status Lights System (RWSL) - \$1,800,000

No. 12-0044	Resolution authorizing the Director to enter into an Agreement with the FAA for Contract 9141, Runway Status Lights System Reimbursable Agreement, for reimbursement of design and construction costs in an amount not to exceed \$1,800,000.
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Mr. Satero said that this item provides authorization for the Airport to enter into a Reimbursement Agreement with the FAA in order to receive partial funding of the Runway Status Lights System (RWSL) program in the amount of \$1.8 million.

The Airport considers the FAA's RWSL program critical to SFO for improving on airfield safety and reducing runway incursions. The program provides for installation of stop-go colored lighting at taxiway thresholds to warn pilots and vehicle operators of runways in use, or when clearances have been granted for the entering or crossing of runways. This will help ensure that radio communications are properly understood between Tower and pilot by providing visible cues on the airfield.

The lighting systems will be installed on six runways, at 32 locations. Both the FAA and Airport agree that the remaining two runways, 19L/19R, do not need this system as they account for a very small percentage of the total arrivals and departures.

This program is being implemented concurrently with the Airport's Runway Safety Areas program due to the work being within the project areas of the RSAs, and the opportunity of installing the conduit and electrical boxes with the RSA work during the closures which are already required to support RSAs. Therefore, there is no additional operational impact resulting from the RWSL program.

Following installation of all infrastructure for the RWSL program in 2014, the FAA will install the equipment and programs to make the system operational. It is anticipated that this system will become operational by, if not before, the opening of the new Air Traffic Control Tower in late 2015.

The total estimated cost of the infrastructure work for RWSLs is \$9.5 million. Although SFO's is not of the highest priority to the ATO division of the FAA, the FAA has committed this \$1.8 million to support this project. SFO is agreeable to funding the remaining amount of \$7.7 million in order to implement this safety system as quickly as possible. The FAA will fund the amounts for the equipment and software, and will be responsible for installation and maintaining the system.

Item No. 3 was removed from the calendar without discussion.

3. SFO-Presidio Trust Funding Agreement to Purchase Wetland Creation Acreage to Provide Compensatory Wetlands Mitigation for the RSA Program

Resolution authorizing a Funding Agreement with the Presidio Trust to purchase 7.4 acres of wetland creation acreage and 0.4 acre of wetland enhancement at the Presidio as compensatory wetlands mitigation for the Runway Safety Area Program.

Item No. 4 was moved by Commissioner Stern and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

4. Commence Request for Proposal Process for Terminal 3 Common Use Club Lease

No. 12-0045

Resolution approving the proposed minimum qualifications requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an informational conference for the Terminal 3 Common Use Club Lease.

Mr. Leo Fermin, Deputy Director, Business and Finance said that Common Use Clubs are found in many airports around the world. These are clubs or lounges are not operated by an airline, but rather by a third party under a lease with the airport. These Common Use Clubs sell memberships, either on an annual or per-use basis, and usually contract directly with airlines to accommodate their passengers.

This is a new concept for us. We did look into this a number of years ago but at the

time were unable to find the necessary space. We've since identified potential space post-security at the end of Terminal 3 near the secure connector leading to the International Terminal Boarding Area G, on the Mezzanine level near Gates 74 and 75. It's a good location that can reach both domestic and international passengers, and passengers transferring from domestic to international flights.

The resolution approves the proposed minimum qualifications and lease specifications, issuance of an RFP and conducting an informational conference.

Commissioner Johns said wondered about the membership cost, how they are solicited, and how many other airports ... major ones like us have them?

Mr. Fermin replied that there's a company called Number One Traveller that operates clubs at Heathrow, JFK and others. There's another company called Great Cliff that operates in Nassau in the Bahamas, and Nashville Airport in Tennessee. There's a company called Airport Lounge Development that operates at Raleigh Durham Airport. Priority Travel Group operates a lounge at DFW and they're planning on going into Atlanta and Las Vegas. Club America operates in Miami. Prime Class operates the Istanbul Lounge. Plaza Operators operate Hong Kong, Beijing and YVR Vancouver Lounge. There's another operator in Madrid and one in at the Lima Airport. There are a number all over the world.

Commissioner Johns asked what's the average cost in the states.

Mr. Fermin replied that he didn't know but would get the information.

Commissioner Johns was curious about the private club part.

Mr. Fermin said that's part of the proposal process. We'll see what they propose in terms of their performance projections. What they anticipate their revenues will be, and what they plan to charge for memberships in the club. They certainly have to tell us all of that as part of their proposal. I'm very curious to see what and how.

Commissioner Mazzola thought that the President of the Board should visit 10 or 12.

Commissioner Guggenhime said I've used priority clubs in Europe and they're good for people who don't have access to United or American or whatever airline your flying. They charge an annual fee or an entry fee. It's great ... just like going to a lounge. It's a minimal charge ... maybe 10% of what it costs to join the Admirals Club or the United Club on an annual basis. Maybe 5% for a one time visit. So, for people who travel a lot it makes a lot of sense.

Commissioner Guggenhime said that there is that community element with other partner airports as well, so you have some sort of consistency with other operators.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 and 6, was moved by Commissioner Guggenhime

and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Authorization to Purchase 14 Compressed Natural Gas (CNG) Buses from Mineta San Jose International Airport and Upgrade SFO's Existing Bus Fleet Communications and Monitoring Systems - Not to Exceed \$4,000,000

No. 12-0046

Resolution authorizing a sole source waiver to purchase 14 CNG buses from Mineta San Jose International Airport and upgrade SFO's existing bus fleet communications and monitoring systems in an amount not to exceed \$4,000,000.

Commissioner Johns asked why we decided to purchase all 14. Did we have to? Is there cost advantage. The 100,000 miles per bus sounds pretty good. I'm just wondering about the outright buy as opposed to leasing and having all of them being 2008s. The staggered thing seems to be the issue.

Mr. Jeff Littlefield, Deputy Airport Director, Operations and Security said San Jose had these buses available. They didn't have a demand for them due to construction that had taken place, the movement of some parking lots, and a decrease in business at San Jose. This was an opportunity for us, as we saw our buses coming to an end of their useful life, to capitalize on what amounts to a pretty good deal. They ended their lease, we wanted to make a purchase, and that's what we wanted to pursue.

Commissioner Johns said that my issue specifically is that we're buying 14 buses that are all 2008s. It seemed like we have a lot of buses that were all the same year and we needed to get rid of them. It seems like you'd want to be on a more staggered basis. Did we have to buy all 14, or did we want to buy them?

Mr. Littlefield replied well it's a combination of both. Twelve of our buses were at the end of their useful life ... they were diesel buses. Of the 23 buses that we have, 12 are diesel and 11 are CNG. These buses became available at a cost of \$250,000 a piece as opposed to perhaps \$500,000 each. We thought this would be an excellent opportunity to acquire these buses, especially because they were CNG.

Commissioner Mazzola asked if they were leased from Penske Truck Leasing. The problem is that they were paying for the lease and they want to get out of it.

Mr. Littlefield said that we are going to outright purchase the buses. They are discontinuing the lease with Penske.

Commissioner Guggenheimer said that economically it's a pretty good deal because these buses cost substantially more and they are three or four years old. Correct?

Mr. Littlefield said that we sent our mechanics to take a look at them and they were deemed to be in very good shape. We also did a financial analysis to ensure that the purchase price that we agreed upon, and actually negotiated down from a higher price, was in our favor.

6. Award Contract 8976 - Terminal 3 Hub Food Court Expansion - L.C. General Engineering & Construction Inc. - \$410,500

No. 12-0047

Resolution awarding Contract 8976, Terminal 3 Hub Food Court Expansion, to the lowest responsive, responsible bidder, L.C. General Engineering & Construction Inc. in the amount of \$410,500.

* * *

G. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

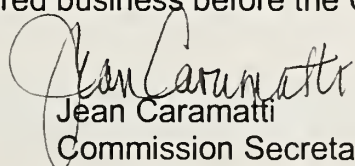
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act Sections 54954.2(b)(2) and 54954.5 and Sunshine Ordinance Section 67.11.

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12.

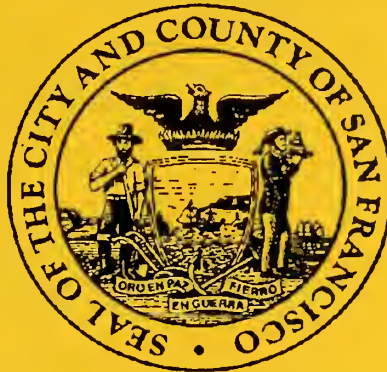
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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:17 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

March 20, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
March 20, 2012

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SECTION	ITEM	TITLE	NUMBER	PAGE
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	3.	Accept & Expend FAA Grant Funds for Airfield Improvement Projects under the RSA Program	12-0051	5-6
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		Luna Azul	12-0055	
		Guava & Java	12-0056	
		Burger Joint	12-0057	8-10
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	8.	Accept & Expend Federal Grants for Continuation Of the Noise Insulation Program	12-0059	10
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12.	Intn'l Terminal Equipment Maintenance Operating Agreement - SFOTEC	12-0064	11
13.	Amendment No. 2 to Pacific Gateway Concessions, LLC's Terminal 3 Newsstands Lease No. 04-0165	12-0065	11
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K.	ADJOURNMENT:		12

AIRPORT COMMISSION MEETING MINUTES

March 20, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Hon. Linda S. Crayton, Vice President, arrived at
9:20 AM

Absent: Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 6, 2012 were adopted unanimously.

No. 12-0048

* * *

L. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern . The vote to approve was unanimous.

1. Commendation Resolution for William "Bill" L. Lee

No. 12-0049 Resolution approving Commendation for Bill Lee.

Mr. John Martin, Airport Director said that Bill Lee is retiring after 27 years of service with the City. He began his career in the Health Department and became City Administrator in 1995, serving in that role for 10 years. He joined the Airport in 2005 as Director of International, Economic and Tourism Development. We congratulate Bill on his 27 years of service and wish him well.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Amendment to Resolution No. 08-0035 to Authorize an Additional \$502,200,000 Aggregate Principal Amount of Airport Revenue Bonds to Finance Approved Capital Projects in the Five-Year Airport Capital Plan

No. 12-0050	Resolution approving the Sixteenth Supplemental Resolution amending the Thirteenth Supplemental Resolution No. 08-0035 authorizing an additional \$502,200,000 Principal Amount of Airport Revenue Bonds to provide long-term financing for approved Capital Projects.
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Ms. Cheryl Nashir, Associate Deputy Director, Revenue Development and Management, said last month the Commission approved the Five Year Capital Plan in the amount of \$763.7 million. This morning we are requesting approval to sell bonds to support the Capital Plan. Capital Plan bonds are a long term financing vehicle. After receiving approval from the Commission, we will request Board of Supervisors approval for issuance of additional capital bonds and the applicable bond documents. The last time we requested Capital Plan bond authorization was 2008. Under the prior authorization, we sold two series of Capital Plan bonds in 2009 and 2010 which supported the \$383 million Terminal 2 renovation project and other Airport capital projects. We are now requesting authorization to support the refurbishing of Boarding Area E in Terminal 3, the Federally mandated Runway Safety Area project and other needed capital improvements. We will return to the Commission prior to the sale and issuance of these bonds which may occur over a few transactions. The Airport's Financial Advisory Committee has reviewed and approved this course of action.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Authorization to Accept and Expend Federal Aviation Administration (FAA) Grant Funds in the Amount of \$50,026,220 for Airfield Improvement Projects under the Runway Safety Area (RSA) Program

No. 12-0051	Resolution authorizing the acceptance and expenditure of FAA grant funds in the amount of \$50,026,220 for Airfield Improvement Projects under the Runway Safety Area (RSA) program.
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Ms. Nashir said the Airport has filed an application to seek financial assistance under the FAA's Airport Improvement Program (AIP). As you know, the Airport

has embarked on a Congressionally mandated airfield safety project called the Runway Safety Area (RSA) program. Sixty-five percent of the cost of this multi-year project is reimbursable under the AIP. We are seeking authorization today to accept and expend \$50,026,220 of AIP grants on the RSA project during the Federal fiscal beginning October 1, 2012. This \$50 million will be applied toward 11 different projects that are part of the larger RSA project. AIP monies for the RSA project must be applied for annually. We will return to you if the amount given by the FAA or expended by the Airport exceeds 15% of what we are asking for today. We will return to you over the next three years for authorization to accept additional grants from the FAA towards the Runway Safety Area project.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Award Contract 8670A - RSA R/W 10R Paving and Lighting - Gallagher & Burk, Inc. - \$10,432,162

No. 12-0052	Resolution awarding Contract 8670A, RSA R/W 10R Paving and Lighting, to the lowest responsive, responsible bidder, Gallagher & Burk, Inc. in the amount of \$10,432,162.
-------------	--

Mr. Ivar Stero, Deputy Director, Design and Construction said that this is the second contract award related to the first phase of the RSA program which focuses on the 10-28 runways. In particular, this contract provides for the necessary runway safety areas for runway 10R-28L and brings it to compliance with Federal requirements. The contract will provide for the necessary 1,000 ft. of safety area at each end of runway 10R-28L. It provides for installation of pavement sections, conduit and wiring serving the runway and taxiway lighting and signage which will accommodate the reconfiguration of 10R-28L.

Eight bids were received, and similar to the last contract award the bids were very competitive. We also had a similar issue to the last contract where there was a substantial difference between the estimate and the low bid and even the number of bids received on the contract. We analyzed what drove the low bid and found that it's mainly related to the proposed cost for CTB and CAB, contributing about \$2.8 million of the delta between the estimate and the low bid. In reviewing the unit pricing it appears that most of it relates to an economy of scale. We relied on previous bids but at much smaller quantities and I think just the magnitude of the quantity installed under this contract gave us much greater efficiency and cost savings. Also, Gallagher & Burk is proposing to batch plans in the area which will add additional savings, increase their operating efficiency. We also saw the large discrepancy in the conduit bid item contributing to a \$900,000 difference in the total spread between the Engineer's estimate and the low bid. That appears to be strictly a result of the competitive environment. All the pricing from the subs came in very, very low for the conduit install, furnishing install.

There is no LBE subcontractor participation because there is no Federal funding however, there is a best efforts clause for 8% SBE/DBE subcontractor

participation, and Gallagher & Burk committed to achieving 2% participation.

Commissioner Mazzola said that once again the bids are a lot less than the estimate. I heard your answers but I'm not sure if I agree with all of them ... but you have reasons why. Who does the prevailing wage checking of this contractor to see if they are paying prevailing wage to their workers?

Mr. Satero replied that staff does the initial check.

Commissioner Mazzola asked what Mr. Satero meant by "initial check."

Mr. Satero replied that is a confirmation that all of the payrolls are current and up to date before a payment can be processed, and then staff will do spot checking.

Commissioner Mazzola asked if we receive prevailing wage sheets each pay period? Do we get sheets on how many hours and what rate they paid?

Mr. Satero replied that our staff does spot checking. The contractor enters it directly the system. Bill helps with monitoring and checks the records.

Commissioner Mazzola said as long as the workers are getting paid the correct amount and the bids are that much different, I'm okay with it.

Commissioner Guggenhime commented that he is not trying to be disrespectful to the Engineers but there are always explanations why a bid is either too low or too high. I hope that going forward we can rely on an estimate. It would be helpful to give them all the support they need to come up with an estimate that includes all of these variables, other than the market conditions.

Commissioner Mazzola said he missed this one by 60%.

Mr. Satero said it's very difficult. Estimating is not an exact science. We are seeing so much contractor creativity coming into play. They're getting substantial efficiencies and coming up with new ways that we don't consider because we can't. When we estimate a project we can't go into all of the possibilities about phasing, what if they thought of that, what if they thought of this, because we can't rely on an expectation that they're all going to take that as their means and methods. We need to do better, but estimating in this economy is a very difficult.

Commissioner Stern said that we need to be clear on the objective of estimates.

Commissioner Mazzola said you know when you get this high ... a 60% miss. It's based on theory ... how many hours you think the job will take. There are a lot of things that get you to the number, but when you miss this far ...

Mr. Satero said that we spent time doing a third independent estimate on that bid column. We've done our best. We established a range of possible bids, trying something different to see if we can zero in and try to capture this economic

Commissioner Mazzola said we won't beat that to death.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

5. SFO-Presidio Trust Funding Agreement to Purchase Wetland Creation Acreage to Provide Compensatory Wetlands Mitigation for the RSA Program in an amount not to exceed \$7.5 Million

No. 12-0053

Resolution authorizing the Airport Director to finalize negotiations and execute a Funding Agreement with the Presidio Trust to purchase 7.4 acres of wetland creation acreage and 0.4 acre of wetland enhancement at the Presidio as compensatory wetlands mitigation for the Runway Safety Area Program, in an amount not to exceed \$7.5 Million.

Mr. Nixon Lam, Airport and Environmental Planning said that this item authorizes the Airport Director to negotiate and execute a Funding Agreement with the Presidio Trust to fund the creation of 7.4 acres of wetlands and 0.4 acres wetland enhancement at the Presidio in an amount not to exceed \$7.5 million. The Funding Agreement will finalize the terms of Airport/Presidio Trust Memorandum of Understanding (MOU) that the Airport entered into under Resolution No. 11-0175 approved by the Airport Commission on August 16, 2011. Since August 2011, staff completed the Federal and State environmental reviews for the RSA program. On February 21, 2012, the Airport Commission adopted the California Environment Quality Act findings of the Final Mitigated Negative Declaration and the associated Mitigation Monitoring and Reporting Program. Furthermore, the Airport has obtained environmental permit approvals from the Regional Water Quality Control Board, the Bay Conservation and Development Commission, and the US Army Corps of Engineers. Under the RSA program, SFO would require fill of approximately 3.7 acres of wetland. The terms of the agreement will be consistent with the MOU and will contain the following material terms. The total cost for the three projects would not exceed \$7.5 million based on reasonable and customary cost of design, construction, monitoring and maintenance for the period required by the regulatory agencies. Payment will be in three installments based on milestones related to permit approvals and award of construction contracts. The Presidio Trust agrees that any shortfalls in terms of the 7.4 acres of wetland creation will be addressed by other trust sponsored wetland mitigation efforts without commitment of additional funds from the Airport. And finally, the term of the agreement is for eight years which will include the five year period of monitoring to ensure successful establishment of the wetlands.

Item No. 6 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

6. Domestic Food and Beverage Lease Amendments No. 2 Approving Replacement Premises, Reimbursement for Unamortized Construction Investments and New Commencement Dates Related to Renovation of Terminal 3 Boarding Area E

No. 12-0054

Resolution approving Amendments No. 2 to

No. 12-0055

No. 12-0056

No. 12-0057

Baysubway Airport's Lease 03-0186; Luna Azul Corporation's Lease No. 03-0187, Guava & Java (SFO), Inc.'s Lease 03-0191; and Burger Joint, Inc.'s Lease 03-0199, to replace premises, reimburse unamortized construction investments and create new commencement dates related to renovation of Terminal 3 Boarding Area E, and directing the Commission Secretary to seek approval of the Board of Supervisors.

Ms. Nashir said that this item requests authorization of a Lease Amendment to four Food and Beverage Leases for tenants located on or near Boarding Area E in response to the 2 ½ year closure of this Boarding Area. The tenants for which we are seeking a lease amendment operate as Mission Bar & Grill, Guava & Java, Subway and Jalapeno Grill. As you know, Boarding Area E closed for renovation on April 14, 2011 when American Airlines began operating in Terminal 2. This necessitated the total closure of Mission Bar & Grill and removed about 80% of the customer base for Guava & Java, Subway and Jalapeno Grill at their locations near the entrance to Boarding Area E. One year ago the Commission authorized Amendment No. 1 to these leases to somewhat suspend them during the renovation period. Fees were turned off, the minimum annual guarantee was waived, and tenants who thought they could continue operating with this reduced customer base were given the choice to do so at reduced hours and at percentage rent only. For many months prior to authorizing this 1st Amendment, we were in discussions with this group of tenants about how to treat what was originally envision as a twelve to fifteen month closure. Their premises were to be boarded up during the renovation and simply reopen when we were finish with our renovation of Boarding Area E. At that time, staff indicated to this group of tenants that a 4 year extension would be sought to cover the business losses during the closure. This part of the business deal, however, was not discussed, not included in Amendment No. 1 last Spring because the scope of our work in Boarding Area E started to change dramatically. We now know that the tenants' premises will be completely demolished and reopening of Boarding Area E will occur in November 2013. With these details known, we are ready to seek approval of the business deals envisioned for these four leases. We're seeking authorization to buyout the unamortized investment totaling \$905,953 for the four tenants to provide them with replacement premises of similar size in Boarding Area E or near the entrance to Boarding Area E, and to replace existing term of which they had 5 ½ -6 years remaining with a new 10 year term that starts when they reopen. They will be required to build a new location and at the same level of design sophistication found in Terminal 2. They'll also need to abide by our Terminal 2 inspired sustainable food policy. Three nuances you should be aware of are that Klein's Deli, which was also displaced from Boarding Areas B and E at the same time last year and was given the same basic deal. The second nuance is that this term extension applies to all locations under the lease. Two of these four tenants have a second location elsewhere at the Airport and we viewed this as the single business deal for which they proposed. There's an economy of scales involved in a multiple location lease. And third, while the four tenants have countersigned a letter with us agreeing to theses terms, they still have an opportunity to terminate their lease once we clarify with them exactly what their

new footprint will be. We don't expect this to happen but it is in their lease provisions currently.

Commissioner Guggenhime noted that the delay was substantially longer than anyone anticipated ... 18 months plus. Are you happy with the terms?

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 14, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime.

7. Authorization to Submit a Sixth Passenger Facility Charge (PFC) Application

No. 12-0058	Resolution authorizing the submittal of a sixth PFC application to the FAA to continue collection of PFCs in the amount of \$4.50 per enplaning passenger and to use PFC revenue for eligible costs associated with the Runway Safety Area (RSA) program and five passenger loading bridges.
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8. Authorization to Accept and Expend Federal Grant Funds for Continuation of the Noise Insulation Program - \$2,000,000

No. 12-0059	Resolution authorizing the Airport Director to accept and expend a grant offer from the FAA in an initial anticipated amount of \$2,000,000 for continuation of the Noise Insulation Program, and such additional amounts not to exceed 15% of the original grant amount that may be offered by the FAA.
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9. Authorization to Amend the Request for Qualifications for Architectural and Engineering Support Services for Projects of the Airport's 5-year Capital Improvement Program

No. 12-0060	Resolution authorizing the Airport to amend the Request for Qualifications for Architectural and Engineering Support Services to develop separate Request for Qualifications (RFQ) and Request for Proposal (RFP) solicitation process as follows: • Contract 9005.1A - Architectural and Engineering Support Services Non-Micro LBE Pre Qualification Pool List. The estimated budget for services is \$400,000 a year for three years. • Contract 9005.1B - Architectural and Engineering Support Services Micro LBE Set Aside Pre Qualification Pool List. The estimated budget for services is \$400,000 a year for three years.
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No. 12-0061

- Contract 9005.2 - As Needed Geotechnical and Land Surveying Support Services. The estimated budget for services is \$400,000 for each contract, two contracts anticipated.
- Contract 9005.3 - As Needed Structural Engineering Support Services. The estimated budget for services \$400,000 for each contract, two contracts anticipated
- Contract 9005.4 - As Needed Airfield Design Support Services. The estimated budget for services is \$400,000 for each contract, two contracts anticipated

10. Bid Call - Contract No. 8670B - RSA R/W's 10L-28R & 28L Paving and Lighting

No. 12-0062

Resolution approving the scope, budget, and schedule for Contract 8670B, RSA R/W's 10L-28R & 28L Paving and Lighting, and authorizing the Director to call for bids when ready.

11. Bid Call - Contract No. 8575B - Boarding Area "B" Restrooms Addition

No. 12-0063

Resolution approving the scope, budget, and schedule for Contract No. 8575B, Boarding Area "B" Restrooms Addition, and authorizing the Director to call for bids when ready.

12. Approval of International Terminal Equipment Maintenance and Operating Agreement with San Francisco Terminal Equipment Company, LLC (SFOTEC)

No. 12-0064

Resolution approving the Equipment Maintenance and Operating Agreement with SFOTEC for maintenance, operation, and use of Airport-owned equipment, and directing the Commission Secretary to forward the agreement to the Board of Supervisors for approval.

13. Amendment No. 2 to Pacific Gateway Concessions, LLC's Terminal 3 Newsstands Lease No. 04-0165

No. 12-0065

Resolution approving Amendment No. 2 to Pacific Gateway Concessions, LLC's Terminal 3 Newsstands Lease No. 04-0165, a disadvantaged business enterprise set-aside, allowing for an extension of the holdover period.

14. Consent to Transfer Majority Interest of Two Retail Leases to XpresSpa Holdings

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

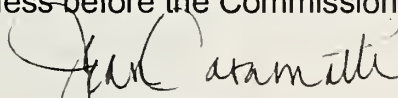
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act Sections 54954.2(b)(2) and 54954.5 and Sunshine Ordinance Section 67.11.

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:25 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

April 3, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
April 3, 2012

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AIRPORT COMMISSION MEETING MINUTES

April 3, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Hon. Linda S. Crayton, Vice Pres. arrived at 9:20 AM.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 20, 2012 were adopted unanimously.

No. 12-0068

* * *

D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Retirement Resolution for Richard Cooper

No. 12-0069 Resolution thanking Richard Cooper for thirty-two years of service to the City and offering best wishes for a long and well-deserved retirement.

Mr. John Martin, Airport Director asked Richard Cooper to step to the podium. Richard is retiring after 32 years at SFO. He began his outstanding career as an Offset Machine Operator and quickly rose to become the Reprographics Manager. He was a one person shop at the time, and he built our Reprographics office into a professional, full service department doing color printing, large format printing, and all of the services you expect from a private company. You can see from Richard's smile that he has a very positive attitude and everyone loves working with him. He always sets the highest standard for the Airport and we're very grateful for the outstanding service he has provided over the years. He's been a key member of the Airport Management team. I want to thank Richard for his outstanding work.

Mr. Cooper said it's been good working for the Airport, especially the people I've met. The Airport is a great place to work, especially under the direction of John Martin. He's amazing. He is trying to make the Airport the best place to work. Through the years I've known John and I remember when he was hired. He's always trying to come up with ideas that will make the Airport No. 1. He's trying to do it right now with his Reaching for No. 1 initiative. It's such a good thing to be working for a Director like John. I wish I could stay longer but my body will not allow it. And under management of Theresa Lee ... it's good to have a manager who you can confide in, not only manage you as an employee but someone you can talk to about personal issues. It's not just about trying to be a manager, but being a human being while you manage. It helps the employee to be who he/she could be. Theresa is always helping me to be the best manager I can be. I'm looking at the people here I have worked with ... it's been an honor. Jean Caramatti, Gloria Louie, I just have to name them because I've been able to talk with them on certain issues as well. So, I thank the Airport for the time they've allowed me to work there and I'm glad that I was able to help the Airport to grow in the way that it has. Thank you.

Item No. 2 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. 2011 William R. O'Brien Employee of the Year Award to Denise Martinez

No. 12-0070

Resolution awarding the 2011 William R. O'Brien Employee of the Year Award to Denise Martinez in recognition of her outstanding level of dedicated and professional service to the Airport.

Mr. Martin asked Denise Martinez to step forward. Denise is receiving the O'Brien Employee of the Year Award. She began working for the Airport in 2006 but joined the City in 1989. As Manager of Financial Planning and Analysis she is responsible for setting 144 different rates at the Airport and really keyed to making sure we are in a good financial position. She and her staff do all the air traffic forecasting and reporting, and the monthly report you get on our air traffic statistics. She has tremendous respect from staff and the airlines. I think the airlines recognize that our financial forecasting is the best in the industry and that's due to Denise's leadership. She's always looking for even better ideas and approaches and consults with her staff for input. We thank Denise for her understanding and work in helping to ensure strong finances for the Airport. Denise is also going to be Acting Finance Manager when Cindy Nichol moves to the Port of Portland. Thank you, Denise.

Ms. Martinez said this is quite an honor. I don't do it by myself. I've had great support from management and colleagues throughout the Airport, but most prized with my team. It has been, if I could say, the favorite part of my job during the last six years is really developing a team who can respond to the Airport's needs. Without them, I just don't do all of that. So thank you again very much.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Russell J. Mayweathers Memorial Custodial Award for Employee Excellence to Clarence Dalton

No. 12-0071

Resolution awarding the Russell J. Mayweathers Memorial Custodial Award for Employee Excellence to Clarence Dalton in recognition of his outstanding level of dedicated and professional service to SFO.

Mr. Martin asked Clarence Dalton to step to the podium. This is the Russell J. Mayweathers Custodial Employee of the Year. Clarence has worked for the Airport for 42 years, starting in 1969, and continues to do a great job. He's in the Terminal 1 lobby on the day shift. His areas are always spotless. Clarence always has a positive attitude as he does his work. He is a native of San Francisco where he went to Mission High School. He raised his three children after his wife, who was also an Airport employee, past away. Through 42 years, he's continued to have impeccable attendance and supervisors' love working with him. He is an essential team worker, a very quiet individual with a very positive attitude, and always ready to help people in anyway he can. I offer my sincere appreciation to Clarence for his great work and for being a great employee.

Mr. Dalton thanked Mr. Martin, the Commission and the Custodial staff. It's been a pleasure working at the Airport; it's an interesting place. Thank you very much.

Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

4. 2011 Team Recognition Service Award to the "Passenger Security Checkpoint Reader Installation Project Team"

No. 12-0072

Resolution awarding the 2011 Team Recognition Service Award to the "Passenger Security Checkpoint Reader Installation Project Team" in recognition of their outstanding level of dedicated and professional service to the Airport.

Electric Shop:

Marty Lucero
Ray Landstrom
Paul Axiaq
Roberto Valladares
Danilo Vicente

Troy Acevedo
James Sutherlin
Sharon Samuel
William Prendergast
Jeremy Parker

Vince Golden
Albert Hom
Larry Michelini
Jesse Hoffman
Kevin Quan

Carpenter Shop:

David Ragni
Chi Wong
Matt Bufka
Tom Hacker
Jeremy Reiss

Security Operations Ctr:
Lorraine Bockmier
Paul Foster

Duty Manager:
Linda Perry

Mr. Martin asked all of the members of the Team to come forward. The Checkpoint

Reader Team consists of staff from the Airport Duty Manager's office, the Security Operations Center, Carpentry Shop and Electric Shop. This Team came together quickly to install the checkpoint readers ... we were given 90 days under the new Federal guideline to install these systems. They worked quickly to get it in place, transcending the normal boundaries between sections and working to ensure the project was delivered at a reasonable cost as well. I want to recognize all of the Team members. Mr. Martin read the list of names. Thank you for being here.

Mr. Larry Michelini said we have a lot of exceptional tradesmen here and we're just proud to serve the Airport. Thank you for the opportunity and the recognition that you've given us.

Mr. Martin thanked the Team for its great work.

Mr. Martin said there are many nominees for Employee of the Year and the Team Award. We will have an event next week where all nominees will be recognized.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 5 was moved by Commissioner Guggenime and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Award of Contract No. 9126 - International Terminal Arrival Level Seismic Joint Cover Replacement - L C General Engineering and Construction, Inc. - \$985,500

No. 12-0073	Resolution awarding Contract No. 9126, International Terminal Arrival Level Seismic Joint Cover Replacement, to the lowest responsive, responsible bidder, L C General Engineering and Construction, Inc. in the amount of \$985,500.
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Mr. Ivar Satero, Deputy Director, Design and Construction said this item provides for Seismic Joint Cover Replacement, a bronze cover plate that spans about a 2 ft. gap between the arrivals level exit from the International Terminal building and the elevated roadway. This plate was installed during the Master Plan Construction Program so it's been in service for about 12 years. It's made of a bronze material and it is experiencing very significant cracking across the joint. We've tried mitigating the cracking through the strain relief by drilling holes, but it just continues to crack and needs replacing. The proposed fix is to replace it with a stainless steel plate, very typical to what we do cross the Airport for seismic joint covers.

In response to the March 6th Bid Call we received eight bids and L C General was determined to be the apparent low bidder with a bid of \$985,500. Staff, with the

assistance of the City Attorney and HRC, has determined that L C Engineering is responsive to the bidding requirements and is therefore eligible for award. L C General is committed to meeting a 6.6% LBE subcontractor participation goal, in comparison to the 5% HRC.

Commissioner Johns asked if we have replaced one of these before.

Mr. Satero replied that we do have seismic joint failures. The ones that you recall were roadway seismic joints.

Commissioner Johns asked if it's the same problem with the material.

Mr. Satero replied no, it was a design problem ... they were on a curve, and buses going across the curve were pushing a lot of lateral load on the joints so it's a different condition, different material. These plates are very challenging conditions.

Item No. 6 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

6. Modification No. 4 to General Airport Security Services Contract No. 8738
Covenant Aviation Security, LLC - \$700,000

No. 12-0074	Resolution approving Modification No. 4 to Contract 8738, General Airport Security Services, to Covenant Aviation Security, LLC to expand the scope of security services and increase the contract amount by \$700,000 for a not to exceed total amount of \$4,390,000.
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Mr. Jeff Littlefield, Deputy Director, Operations and Security said we are seeking approval for Modification No. 4 to the Covenant Aviation General Airport Security Services Contract which is separate and independent from the contract between the TSA and Covenant Aviation Security. Our contract provides for various TSA required services such as post security vendor screening and general guard services. Since the TSA has taken over responsibility for the security checkpoints at SFO, they have not required the Airport to staff or pay for the cost of security guards at either the checkpoints or the exit lane during early morning non-screening hours ... approximately Midnight to 4:00 am each day. The TSA has performed the checkpoint and exit lane duties ever since the formation of the TSA over 10 years ago. In 2009, the TSA transferred this responsibility to all airports nationwide, however, at SFO the TSA continued to pay for and staff these checkpoints. On March 13, 2012, the TSA informed the Airport that SFO must assume this responsibility similar to what is done at other airports throughout the country. The TSA imposes this mandate upon SFO with a required transition date of April 10, 2012. To meet the TSA's deadline of April 10, 2012, the Airport would like to amend the scope of security services provided for in this contract to include the required staffing of the security checkpoints during early morning, non-TSA screening hours. We are seeking approval of Modification No. 4 to increase the amount of Contract 8738 by \$700,000 to cover the period of April 10, 2012 through December 1, 2012

for a not to exceed total amount of \$4,390,000. This contract with the Airport is due to expire December 1, 2012. I will return to the Commission prior to that date to request approval to issue a new RFP for general Airport security services.

Commissioner Johns asked what is meant by exit lane.

Mr. Littlefield replied that the exit lane is adjacent to each of the checkpoints. It's the area where you exit and is staff by a guard to make sure that no one enters inappropriately.

Commissioner Guggenhime said that having returned from New York Sunday night, SFO's security lanes move much more efficiently. Covenant's employees are much more pleasant to deal with. I was astonished at 6:00 pm on Sunday night in New York that the lines moved so slowly. No one looked to be enjoying their job. Let Covenant and all of our employees know that I particularly appreciate the personality, diligence, and enthusiasm that all the employees at SFO have.

Mr. Martin thanked Commissioner Guggenhime and said he will pass this along.

* * *

G. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 7 through 11, was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

7. Modification No. 2 to the Financial Advisory Contract with Public Financial Management, Inc. and Backstrom McCarley Berry & Company, LLC, a Joint Venture - \$1,750,000

No. 12-0075

Resolution approving Modification No. 2 to Joint Venture Contract No. 8993 with Public Financial Management, Inc. and Backstrom McCarley Berry & Company, LLC for up to \$1,750,000 in compensation for the third contract year for continued assistance with the Airport's Financing program.

8. Authorization to Issue a Request for Proposals for Contract 9225 - Design and Implement a Contract Monitoring and Compliance System and to Negotiate with the Highest Ranked Proposer

No. 12-0076

Resolution authorizing issuance of a Request for Proposals for Contract 9225 to Design and Implement a Contract Monitoring and Compliance System and to negotiate with the highest ranked proposer.

Commissioner Johns said that it sounds like a great idea but would like to understand it better.

Ms. Theresa Lee, Deputy Director, Administration and Technology, said it is all encompassing in a sense that the purpose of this contract system is to both ensure that we're complying with the process, from initiating the RFP to certification, so included in that are data and matrix that we want to report on and to receive reports on so that we can track to see if the process is moving forward in the way it should, as well as to provide reports to the Board of Supervisors and the Mayor's office regarding the various types of contracts that we hold. Currently, all this information is in many disparate places at the Airport, either with the Project Manager, or Accounting, or the Budget office. We want to be able to consolidate all of this information in one place.

Commissioner Johns remembered a few years back that there was a compliance issue with some Federal contractors that was not intentional. Will this clear up that type of thing?

Ms. Lee replied that it will certainly help. It's usually procedural ... whether or not we have adequate documentation, or we didn't go through a certain process. This will tighten those controls up.

Commissioner Johns asked if we were looking for a firm to do this or were we looking for new software development. Is this a computerize system? I'm not clear on the whole scope of the project.

Ms. Lee said that this will be an application system and we are issuing an RFP for a vendor who can help us either develop or has an off-the-shelf product that can be customized for us. That's the purpose of the RFP. We don't have anything in mind. We want to be able to look at what's available in the industry.

Mr. Martin asked if this is a computer based system.

Ms. Lee replied that it is.

Commissioner Johns thinks it's a huge project.

Ms. Lee replied it is. But the outcome, I think, will be quite beneficial.

Commissioner Johns hoped so. Sounds like a great idea. Thank you for the explanation.

9. Authorization for Acquisition and Recordation of Avigation Easements as Part of the Noise Insulation Program

No. 12-0077

Resolution authorizing the Airport Director to acquire Avigation Easement as part of the Noise Insulation program, and to request approval by Resolution of the Board of Supervisors for acceptance and recordation of the Easements.

10. Bid Call - Contract No. 8877A - Superbay Hangar Door Retrofit

No. 12-0078

Resolution approving the scope, budget, and schedule for Contract No. 8877A, Superbay Hangar Door Retrofit, and authorizing the Director to call for bids when ready.

11. Grant Funding for Transportation Planning Interns

No. 12-0079

Resolution authorizing Staff to seek, accept and expend a Grant in the amount of \$44,000 from the California Department of Transportation to provide Transportation Planning Intern positions and supplement this Grant with \$6,000 from Airport funds.

* * *

H. POLICY:

Item No. 12 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

12. Authorization to Seek Amendment to the San Francisco Administrative Code Section 2A.173

No. 12-0080

Resolution authorizing a request to the Board of Supervisors to amend Administrative Code Section 2A.173 to include leases for air transportation support services among Airport property leases not subject to competitive bidding.

Mr. Leo Fermin, Deputy Director, Business and Finance said that currently leases with airlines are not subject to competitive bidding, however, over the years there have been two clear industry developments which now drive the need to include aviation support service providers in the same category as airlines. First, for many years now, airlines have been outsourcing more and more of their aviation support functions to third party providers. Second, in recent years, more and more airlines have preferred not to renew leases for support space and instead, have asked that the leases be with their third party provider. Consequently, we believe it makes a lot of business sense to submit a request to the Board of Supervisors to amend the administrative code to include aviation support providers in the same categories as airlines for leasing purposes. A lease with a service provider provides us with a much more stable revenue stream than 30 day permits which we are using today. If the Board approves this change, all of the standard City requirements in leases today will continue to apply with no change except for the elimination of the competitive bidding requirement.

* * *

I. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1 and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:25 am.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



05-17-12 P02:12 RCVD

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MINUTES

April 17, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
April 17, 2012

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| 10. | Approve Increase in Amount of Reimbursement to JP Morgan Chase Bank, N.A. to Relocate ATMs | 12-0095 | 10 |
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AIRPORT COMMISSION MEETING MINUTES

April 17, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President arrived at 9:05 AM.
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 3, 2012 were adopted unanimously.

No. 12-0081

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

1. Award Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities Project - Hensel Phelps Construction Company - \$9,718,684

No. 12-0082

Resolution awarding Contract 9015A, Design-Build Services for Replacement Airport Traffic Control Tower & Integrated Facilities Project to Hensel Phelps Construction Company, in the initial amount of \$9,718,684.

Mr. Ivar Satero, Deputy Director, Design and Construction said that this contract provides for design-build services to complete the design and construct SFO's

replacement tower as well as the integrated FAA offices and Airport terminal facilities that reside within the footprint of this tower that are adjacent to it. We received eight proposals in response to the RFP. All firms were qualified and met the minimum qualification requirements of the RFP.

A Selection Panel was convened to review all eight proposals. The proposals were scored, and based on the scores, along with the ranking that was established, and in accordance with the RFP, we would short list up to five of the highest scoring firms. We determined that the bottom four firms had no mathematical way of prevailing under any scenario through the interview process so we elected to short list the top four firms. We combined their scores and cost proposals to come up with a combined proposal and cost fee score, and then interviewed the top four firms. Based on the interview results, written proposals and cost proposals Hensel Phelps/Fentress Architects achieved the highest score with 1,253 points out of 1,290.

The \$9.7 million initial award amount provides for fixed design fee, preconstruction services, general conditions costs to carry throughout the duration of the program as well as an Airport allowance of \$1.065 million for early construction activities.

Similar to the Terminal 2 project, we will return to the with recommendations to award trade bid packages, the subcontracted scope, which will be competitively bid in accordance with the Administrative Code. We will also update our forecast at completion at each stage in award of the trade bid packages. Funding is provided both from the OTA that we entered into for the FAA's allocable share of the Tower cost as well as from Airport's capital fund for the Airport's share of the program.

Given the Federal funding component, we encouraged best faith efforts to achieve 10% SBE/LBE/DBE participation. Hensel Phelps committed to 10.4% participation.

Commissioner Mazzola said that the display is beautiful. It looks really well done. It's going to be a very exciting project.

Mr. Satero said it certainly is. Thanks, I'll pass it along, Commissioner.

Item Nos. 2 and 3 were called together. The items were moved by Commissioner Guggenheimer and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Modification No. 1 to Contract No. 8792C - Program Support Services for Runway Safety Area (RSA) - AECOM - \$3,900,000

No. 12-0083

Resolution approving Modification No. 1 to Contract 8792C, Program Support Services for Runway Safety Area with AECOM, in the amount of \$3,900,000 for services through June 5, 2016, the anticipated date of Program completion.

Mr. Satero said that Item Nos. 2 and 3 relate to the program management and construction management support for the RSA program. Item No. 2 modifies the

AECOM contract to continue to provide the program management support they have been providing for the past year. Item No. 3 recommends issuing an RFP for additional construction management services. The total budget for both sets of services is \$13 million and is within the total project budget of \$214 million. It also includes the \$2.8 million which is the current contract value with AECOM.

Both items relate to staff's reassessment of the needs of the RSA program. The reassessment followed several major developments in the program that clearly indicate that our initial budget projection of \$2.8 million for both program and construction management support services was inadequate. For programs of this size and complexity we typically budget 5 to 6% of the anticipated construction cost which would offset a budget of \$12 million for these services. Although it's a runway type project, staff is well versed in this type of project and has implemented them successfully over many years. We took that same strategy and felt it could be done in a similar delivery method. It became clear that because of the complexity and size of the program, the high level of peaking activity, the expertise required, and the additional burden imposed on the team that there is a much greater need for these services to supplement Airport staff. We think that because of the technical complexity, the high intensity workload and the recent unforeseen developments that we require additional program support and construction management. We will coordinate closely with the City Attorney's office on our proposal to split the scope of work and modify the AECOM contract to allow them to continue to provide program management support and maintain consistency of the staff that is on the project currently. We will then add a second team of construction management consultants to provide an additional opportunity to participate in this program.

The additional cost related to the AECOM contract is in retaining existing staff that's been working on this program for the extended duration. We also need additional support to address the FAA's request that the Airport take on greater responsibility in the system design coordination of the RSA program and in the addition of the Runway Status Lights and the Runway Template Action Plan which is now part of the RSA program. The additional work from AECOM also relates to the additional documentation and reporting that we are obligated to do based on recent OAG audit findings on airfield AIP funded projects.

For this new RFP we would take a more traditional approach for construction management support services as we do on our large complicated programs and they would have a construction management lead project manager. They would provide inspection staff to supplement our staff in the field, as well as the material's testing and special inspection to supplement our staff as needed. This would allow us to hit those peak workload times when we have multiple projects going on.

We propose that both the modification and this new contract are subject to the AIP share of 65% from the AIP funds, and the remainder will come out from the RSA program budget currently allocated under the \$114 million.

Commissioner Johns asked when was the reassessment and when did the FAA place additional demands on the Airport? Was it after the original RFP award?

Mr. Satero replied that the original RFP was a 1½ year ago. The award was a year

ago, but the RFP was written about a year and a half ago.

The Commission awarded the AECOM contract. From the onset of that contract the program has been in various stages of development, including the environmental process which came before the Commission. We've had many conversations with the FAA about their needs, their ability to manage the RSA program nationwide, and the 2015 completion date. It's been a continuous conversation over the past year. We started reassessing this about six months ago and began to figure out how to lay out the staffing plan and how to get this done on a contract basis.

Commissioner Johns asked if "we" meant the Airport, or the Airport and AECOM.

Mr. Satero replied the Airport. About six months ago we recognized that there is too much coming up that will create a significant need for additional expertise, such as design expertise. We're taking on the navigational aide system design support that we originally anticipated the FAA would handle. It's just about the last six months that we have reassessed this and talked with the FAA and the other stakeholders.

Commissioner Johns noted that the original contract was \$2.8 and we are now adding \$3.9. This is definitely more than the original RFP.

Mr. Satero replied that this modification is well beyond.

Commissioner Johns said I think I understand the rationale, but it concerns me. I will support it because I see the need for this project to move forward.

3. Authorization to Issue a Request for Proposals for Contract No. 9230 Construction Management Support Services for Runway Safety Area (RSA) Program

No. 12-0084	Resolution authorizing Director to issue a RFP for Contract 9230, Construction Management Support Services for RSA Program and conduct negotiations with the highest ranked proposer.
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Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Award of Four Terminal 3 Retail Concession Leases in Phase II

	Resolutions awarding four Phase II Retail Leases.
No. 12-0085	• Lease Package 1: International Terminal and Terminal 3 Newsstands/Café Lease - Host International, Inc.
No. 12-0086	• Lease Package 2: Boarding Area F Specialty Store Lease - Avila Retail Development & Management
No. 12-0087	• Lease Package 3: Boarding Area F Jewelry/Watch Store Lease - Avila Retail Development & Management, LLC
No. 12-0088	• Lease Package 4: Terminal 3 Bath & Beauty Store

Mr. Leo Fermin, Deputy Director, Business and Finance said that two of these leases are to certified ACDBE, and one lease is to a local Bay Area firm. The first package is a newsstands/café at four locations in Terminal 3 and the International Terminal. The highest ranked proposer is Host International.

The second package is for the Boarding Area F Specialty Store Lease near Gate 83. The highest ranked proposer is Avila Retail with a regional gift store concept called Greetings from San Francisco. The Shop will feature an assortment of member companies of the San Francisco Made Trade Group Association such as Kika's Treats, Nana Joe's and Recycled Glassworks. These are small businesses offering products made in San Francisco and include San Francisco souvenir apparel, paper products, local gourmet foods, home decor and accessories.

Package 3 is the Boarding F Jewelry/Watch Store lease near Gate 82. Avila Retail is the highest ranked proposer. The jewelry store (called "Boucle") will feature hand crafted jewelry and timepieces by San Francisco Bay Area artists and designers such as Anna Whitmore, Roost, TOKYObay, and Nina Nguyen and will include bracelets, earrings, rings, pendants and watches in the \$12 to \$1,800 price points.

Package 4 is a Bath/Beauty Shop in Boarding Area F near Gate 73. Based in San Jose, Purity Cosmetics is the highest ranked proposer. A newcomer to SFO, Purity is a small business with a store in Berkeley and Santana Row. They feature a wide assortment of skin care, hair care, and makeup products that are all natural and free of synthetic chemicals. All of their products are manufactured in the Bay Area.

Commissioner Johns asked if Avila has other leases with the Airport.

Mr. Fermin replied that Avila has the Mosaic store in Terminal 2.

Commissioner Crayton asked what they sell at the Mosaic store.

Mr. Fermin replied that they are hand crafted museum type collections, home decor, very artsy type products.

Commissioner Crayton assumed that they are successful at the Airport.

Mr. Fermin replied that they are.

Ms. Kathleen Avila, Avila Retail, said thank you. Avila Retail is a small specialty retail operator with 20 locations in four airports and 180 employees. We are ACDBE certified. We started our business in SFO's Terminal 2 about a year ago and enjoy great success. We love doing business in this City. We compliment you and the City's vision for the products you carry in a wonderful airport. We appreciate RDM and the quality work they do. Thank you again for the opportunity.

Mr. Rick Kostick, Purity Cosmetics COO and founder, said thank you for giving us the highest ranking on our proposal. When Tomasi, Clarissa and their team first walked into Santana Row store (they recruited us), they researched our company

and found our values to be in line with the values of SFO and the City. We use recycled materials, organic, biodegradable ingredients and its all manufactured in San Jose. This opportunity will help us create more jobs, not just in retail, but jobs in manufacturing, shipping, planning, finance, and management. We thank John Martin and his team for selecting us. This exposure means millions of people will see our brand and this will help propel us to the next level, and that will help to grow our company even more, generating more jobs for the local economy. Thank you.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Award of Terminal 3 Boarding Area F Wine Bar Lease - SF Uncork'd, LLC

No. 12-0089

Resolution awarding the Terminal 3 Boarding Area F Wine Bar Lease to SF Uncork'd, LLC.

Mr. Leo Fermin said that Terminal 2 featured our first wine bar at SFO and I'm happy to report that we've completed the selection process for a second wine bar to be located in Terminal 3, Boarding Area F near Gate 85. SF Uncork'd, a certified ACDBE, is the highest rated proposer. They will present a contemporary wine bar and, as the owner puts it, without arrogance and without getting too esoteric about wine. They plan to offer a full spectrum of wines, with a tasting room and a master sommelier. The wine bar will present itself as a gateway to the Napa and Sonoma regions and will also feature small plate and food and wine parings. Also, about 20% of the wine bar offerings will be a selection of craft beers brewed in Napa, Sonoma, and other parts of the Bay Area and overseen by an in-house beerologist.

Ms. Rilla Ginsberg, President of Marilla Chocolate Co. / COO of SF Uncork'd said we've been at SFO for 25 years and now we're diversifying and bringing in new blood. With this lease we establish a Ginsberg landmark at SFO. Some background ... my 85 year old mother goes to SFO everyday, Monday thru Friday, and works. Also here is a brother who is now in management, and his son, my nephew who is now my partner in SF Uncork'd. This is truly a unique situation at an airport where a family is represented through the generations. I really want to thank John Martin for his unwavering support of me, for putting up with my tenacity and sometimes my opinionated opinions, and truly to Tomasi Toki and Cheryl Nashir who stand really loyally behind, who offer advice, and who put up with a lot of brillo many times. So my thanks. I want to introduce Warren, the newest member at SFO Airport.

Mr. Warren Ginsberg, CFO said I'm Rilla's nephew, Manny's son, and grandson of Hermie. I'm excited about this opportunity. The words local, sustainable and organic get thrown around a lot, but in my opinion there's nothing more local, sustainable or organic than a family run small business. I'm privileged to be the next generation in our family business and I look forward to the Airport's continued support. Thanks.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 11, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

6. Assignment of Snack and Beverage Vending in Domestic Terminals, Long-Term Parking Lot, Rental Car Center and Cell Phone Waiting Lot Lease No. 09-0154 from North County Vending, Inc. to Canteen Vending

No. 12-0090 Resolution assigning snack and beverage vending in Domestic Terminals, Long-Term Parking Lot, Rental Car Center and Cell Phone Lot Lease 09-0154 from North County Vending, Inc. to Canteen Vending.

7. Approval to Accept Proposals for the Rental Car Center Café Lease, A Small Business Set-Aside

No. 12-0091 Resolution approving revised minimum qualification requirements and lease specifications, and authorizing staff to accept proposals for the Rental Car Center Café Lease, a Small Business Set-Aside.

8. Exercise Option for Lease 07-0066 - Boarding Area F Hub Specialty Store Lease B

No. 12-0092 Resolution exercising the first of two one-year options, under RDG Concessions, LLC's Boarding Area F Hub Specialty Store Lease B No. 07-0066, for an option term of April 18, 2013 thru April 17, 2014.

9. Holdover of Two Paradies Shops, Inc. Leases

No. 12-0093 Resolution approving Amendments No. 1 to the
No. 12-0094 Paradies Shops, Inc. International Terminal Building
Newsstand Lease No. 04-0006 and Terminal 3
Concourse Newsstand Lease No. 04-0007.

Commissioner Crayton asked why the holdover.

Mr. Fermin replied it's necessary to implement a lease awarded this morning.

10. Approval of an Increase in the Amount of Reimbursement to JP Morgan Chase Bank, N.A. for the Relocation of ATMs

No. 12-0095 Resolution approving an increase to reimbursement amount to JP Morgan Chase Bank NA. from \$10,000 to a \$41,000 not-to-exceed amount for costs incurred in ATM relocations in Terminal 3, Boarding Area F.

11. Modification No. 1 to Agreement No. 9116 with San Mateo County in Support of the SFO Airport/Community Roundtable - \$100,000

Resolution approving Modification No. 1 to agreement with San Mateo County to increase compensation in an amount not-to-exceed \$100,000 for increased scope of work to include additional consultant support for additional Roundtable meetings, expanded work plan, and additional coordination activities, for a new total contract amount not-to-exceed \$225,000.

* * *

NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. Thomas George-Williams, founder of SF Green Cab LLC, provided a written version of his comments (see attachment). Dave Trotman (owner, San Francisco Cab College) and I created an application for San Francisco cab drivers to let them know how many cabs are at the Airport at any given time and how long the waiting time will be. It's called "Wait A Lot." There's a need for this type of application. There are 1,500 cabs licensed to serve the Airport and 7,000 cab drivers driving the 1,500 taxicabs. Every driver goes to the Airport at least once a month only to find the Airport is overfilled with cabs. They either go back to the City or circle, and circling makes traffic a mess. What's needed is information. Cab drivers need to know if the Airport needs taxicabs so they don't waste time traveling to and from the Airport for nothing. We're talking about 3 million miles a year for all of those drivers ... a huge amount of miles with an environmental impact.

We have the finances for this project, we have programmers ready, we have support from SFMTA. What we need is your support. We need the data from the Airport to feed into this application. We're aware that an RFP was issued last year to reorganize the taxi dispatch system and we would like to be at the table to get the data. We would like to be invited to that and we would like to receive sample data of the existing Airport flow in electronic form to work on this application. That's basically the project we're working on. My partner, Dave Trotman will tell you more.

Mr. David Trotman said Mr. Williams covered most of the major points. I've been involved in training cab drivers on how to use the Airport. I innovated the system and I continue it so that taxi drivers know how to use SFO. It's not rocket science to be a taxi driver at SFO but it does require a little training. We'd like to develop this application so that taxi drivers can be in their proper place. Passengers will also benefit. You don't want passengers waiting for cabs. Cab drivers serve as unofficial ambassadors to San Francisco. Passengers want to be headed to their destination quickly once they're off a plane. If we're allowed to develop this application we feel it would cut the waiting time for cabs. The information we're looking for is fairly simple. Via SmartPhones we can supply drivers with information on wait times, if the wait time is increasing or decreasing, the number of taxis in the queue, and the number of short taxis in the queue so they know when to come to the Airport. Passengers will be served more efficiently.

Commissioner Johns noted that the previous speaker mentioned SFMTA's support.

Mr. Trotman replied that we met with the SFMTA.

Commissioner Johns asked Mr. Trotman what he meant by "support".

Mr. Williams replied that the SFMTA support is not financial, but they are in favor of this application. They believe it's a good thing for the City to have this information.

Commissioner Johns asked if the SFMTA voted to support the proposal.

Mr. Williams replied that they met with the Taxi Division and they are totally in favor of it.

Commissioner Crayton asked if they wrote a letter of support.

Mr. Martin said Jeff Littlefield, Deputy Director, Operations & Security, will meet with these folks and we will give you a further update on it.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

There are no planned agenda items for a Closed Session for the current meeting.

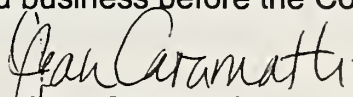
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1 and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at .


Jean Caramatti
Commission Secretary

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INFORMAL REQUEST TO THE SAN FRANCISCO AIRPORT COMMISSION APRIL 17, 2012:

The San Francisco Airport SFO needs many taxi cabs every day to pick up passengers.

1500 San Francisco taxicabs are licensed to serve the airport. Those 7000 drivers who drive the 1500 taxi cabs have no idea if the airport is in need of taxi cabs or not.

The airport is calling dispatch services only in very desperate times to announce that the airport needs more taxis. Besides that, the drivers are on their own to find out if the airport needs taxis. They often come from the city only to find the airport overfilled with cabs circling to get into the waiting lot. This doesn't make much sense for experienced city driver. Many drivers choose to stay in the city.

What is needed is information! Cab drivers need to know in real time how many cabs are waiting at the airport and how long the wait is. Only with that information drivers can make informed decisions and come to the airport when needed.

My partner and I came together to create a iPhone and Android smart phone application to give the cab drivers real time information about how many cabs are at any given time at the airport waiting.

Who are we?

David Trotman is the owner of the San Francisco Cab College and Thomas George-Williams, founder of SF Green Cab LLC.

In order to make this vision to become reality we have secured:

- Programming experts
- Financing
- Full support of SFMTA

All we need now is your – the airport's support.

How? We need real time access to the taxi smart card data pipeline and sample data files of past months.

We do understand that last summer a RFP for a new taxi dispatch system was issued and that the airport is about to sign a contract with the winning bidder. We ask you to invite us to talk with this new contractor to find a way to provide the requested data to us. Also, we would like access to the current system to evaluate if we want to develop the application for the current system before the new system goes into effect.

The final outcome of all these are only winners, only smiling people. Cab drivers can make informed decisions on how to serve the public best; the airport gets taxicabs when they need them and the public gets a cab easier because cab drivers don't circle empty around SFO. There is also a positive environmental impact by eliminating thousands of wasted empty miles of Taxicabs.

Thank you for your support.

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

May 15, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
May 15, 2012

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AIRPORT COMMISSION MEETING MINUTES

May 15, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President

Hon. Eleanor Johns

Hon. Richard J. Guggenhime

Hon. Peter A. Stern

Absent:

Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 17, 2012 were adopted unanimously.

No. 12-0097

* * *

M. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Retirement Resolution for Ms. Sergia Hendricks

No. 12-0098

Resolution thanking Ms. Sergia Hendricks, Facilities/Custodial Services, for 30 years of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said that Sergia Hendricks has been an Airport Custodian for 30 years and most recently she has been cleaning the Terminal 3 restrooms, keeping them spotless for our passengers. She's been recognized by her fellow employees for her positive attitude and her willingness to help passengers. She has a strong commitment to safety and security. We want to thank Sergia for her 30 years of outstanding service to the Airport.

Ms. Hendricks thanked everyone, especially the Commission and my Director, Mr. John Martin. Thank you.

Commissioner Mazzola congratulated Ms. Hendricks and wished her well.

* * *

E. DIRECTOR'S REPORTS:

2. SFO Transit First Policy Update

Mr. Martin said that in March 1996 the Commission adopted a Transit First Policy with a goal of reducing congestion on the freeways and the Airport by promoting regional transit services and minimizing on-Airport congestion and delays. We've seen dramatic changes over 16 years, with BART starting service to SFO and AirTrain beginning operation. The congestion we experienced on our roadways in the mid 1990s has gone away entirely.

We probably also have the most aggressive curbside management program in the country, with coordinators for taxicabs and door-to-door vans, which helps promote transit use. Our Information Booth program helps passengers and employees with transit alternatives. We sell transit tickets and booklets from the booths. Unlike most airports, we dedicated the two inner roadway lanes on the lower level for transit vehicles, again, for passenger convenience. We'll soon begin selling pre-loaded clipper cards and will work to promote ferry service to So. San Francisco. We're also working to eliminate the \$3.00 per day surcharge that employees pay for BART to SFO. The Commission also approved an on-Airport bicycle program which will provide bicycles free of charge to our employees to get around the Airport. Finally, we have an item today to raise public parking rates, and that also helps to promote transit. We'll continue to provide reports every couple of years on our Transit First Program. We have the highest transit ridership in the country.

Commissioner Johns asked when the ferry connection will happen..

Mr. Martin replied it is scheduled to begin service this June from the East Bay. We're looking at ways to provide a convenient connection from South City to the Airport, both for employees riding bicycles or our passengers.

Commissioner Johns asked if we are trying to have a connection closer to SFO.

Mr. Martin replied that every studied we've done over the years requires a bus service for the connection. In the future the Hovercraft may be able to connect to the Terminal buildings, but they're not too precise in going on land at this point.

Commissioner Johns asked how long it will take to get to SFO from Oyster Point.

Mr. Martin replied 10-12 minutes.

Mr. Tryg McCoy, Chief Operating Officer, added that ferry service will start in early June from Alameda Point and will take approximately 30 minutes.

Commissioner Johns said it's a great idea.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Johns heard something on the news yesterday that a United flight from SFO to Reagan National was cancelled, but they lost one of their non-stop flights.

Mr. Martin replied United just started the first daily, non-stop service to Washington

National. Virgin America applied for two flights but only one was approved.

Commissioner Johns said she heard they lost something but wasn't sure what it was.

Mr. Martin said that they did not receive their full application.

Commissioner Johns asked if United was currently flying to Reagan Airport.

Mr. Martin replied they just started service.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 3 and 4 were called together and moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Designation of \$51,500,000 of Passenger Facility Charge (PFC) Funds as Revenues for Payment of Debt Service in Fiscal Year 2012/13 and Authorization to Apply Such Amount to Airline Rates and Charges as Needed

No. 12-0099	Resolution designating \$51,500,000 of PFC funds as revenue for payment of debt service in FY 2012/13 and authorization to apply such amount to airline rates and charges as needed.
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Mr. Leo Fermin, Deputy Director, Business and Finance said that Item Nos. 3 and 4 are related in that PFCs designated as revenue are used to pay debt service, and this and other non-airline revenue then effect the balance that we need to collect from the airlines through landing fees and terminal rental rates.

Item 3 designates up to \$51.5 million to be use for debt service in the next fiscal year, which is \$37 million or 42% less than the \$88.5 million authorized a year ago for debt service in this current fiscal year. It's consistent with a long term financial plan we established to service the master plan bonds and to contain airline costs.

4. Adoption of Fiscal Year 2012/13 Airport Rates and Charges

No. 12-0100	Resolution establishing Airport Rates and Charges for FY2012/13.
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Mr. Fermin said that this item approves next year's rates and charges, which have been reviewed and discussed with the airlines. The landing fee rate will increase by 5.7% from \$3.79 per 1,000 lbs. to \$4.01. The effective average terminal rental rate will increase by 7% from \$122.93 to \$131.55. On a nominal basis and adjusted for inflation, the average airline cost per enplanement will increase by 2% from \$15.15 to \$15.45, however, in FY2007-08 constant dollars, we are actually achieving a decrease of 2.4% from \$14.49 down to \$14.13. I emphasize this because our commitment to the airlines is in constant dollars and uses FY2007/08 constant dollars as the basis and framework to benchmark cost per enplanement.

I'd like to point two items in the rates and charges. First, is public parking rates. We are running out of public parking spaces during peak periods. The long term garage was completely full almost everyday in April. Lot D was over 80% full for over half of the days in April. The International garages averaged 1,000 spaces per day taken by overnight parkers making it hard for meeters/greeters to find parking. Garage G was at 85% capacity for one third of the days in April. To ease parking congestion, and in support of the Transit First Policy, we recommend increasing overnight rates as follows: Domestic garage, from \$33.00 to \$36.00 per day; International A and G garages, from \$24.00 to \$28.00 per day; long-term parking facility, from \$15.00 to \$18.00 per day. However, the hourly parking rates will not change at all. These changes to the overnight rates will be effective on June 15th.

Last October you approved a policy establishing cargo facility rental rates through an approach which collectively considers airport-wide cargo revenues, expenses and investments. This approach results in what we refer to as harmonized cargo rental rates. The cargo rates before you include the first step of a three year time frame in which we adjust higher lease rates downward and adjust rental rates on 30-day permits upward to the point where they converge into a single harmonized cargo rate in year three. I compared this approach to how we establish terminal rental rates in which each terminal rental rate category is the same no matter what terminal building you are located in. In summary, our airline cost per enplanement has come down since 2001. When the International Terminal opened 12 years ago we were among the highest in the country. Today we are a little below the average of other U.S. international gateway airports ... JFK, Newark, Washington Dulles, Miami and Boston. Newark and JFK are in the \$25.00 range and Miami and Washington Dulles are in the \$18.00 range.

Commissioner Johns asked if the private parking areas around the Airport are competitive with our rates. Do you anticipate that they will increase their rates?

Mr. Fermin replied that their rates are slightly lower than ours, even when you factor in the taxes they charge. Typically, when we raise our long term rates the general tendency for them is not to match our rates. In discussions with one long term operator he noted that they are two different markets. Off-airport parking customers are a different market segment than someone preferring to park on-airport. What we do rate wise may not necessarily impact their rates. They tend to compete among themselves and follow each others rates as opposed to following ours.

Commissioner Johns asked if off-airport lots are seeing an increase in business.

Mr. Fermin replied that they are very full now, especially since two off-airport lots closed down in the past year. It's partly due to those closures and partly due to the increase in passenger traffic that off-airport lots are very fully as well.

Commissioner Guggenhime asked why we are raising the domestic garage fees less than 10%, the International garage fees 15%, and the long-term parking rates 20%. What was the rationale for not raising the domestic garage fee more 10%?

Mr. Fermin replied we weren't trying to achieve a consistent percentage increase across the board among the three facilities but rather we were trying to close the

gap in the long-term and International garages. As far as the long-term lot, we didn't want to raise it too much such that it got too close to the International A and G garage. We wanted to maintain a certain differential.

Commissioner Guggenhime said I can save \$8.00 a day if I park in an International garage and walk to a Domestic terminal. What are we proving? Why don't we equalize it? Why do we distinguish between International and Domestic?

Mr. Fermin said that we found that the International garages were not as well known to domestic travelers and that was one reason why we lowered our prices. We plan to eventually close the gap over time, but we want to do it gradually.

Commissioner Stern asked how these rates compare to other major airports.

Mr. Fermin replied the long term rates are slightly higher than Oakland and San Jose...they're currently at around \$15.00-\$16.00. Compared to the large metropolitan hub airports like JFK, they're pretty comparable.

Item No. 5 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

5. Award of Contract No. 8670B - RSA Runways 10L-28R & 28L Paving & Lighting Granite Rock Construction dba Pavex, Inc. - \$10,831,800

No. 12-0101	Resolution awarding Contract 8670B, RSA R/Ws 10L-8R & 28L Paving and Lighting, to the lowest responsive, responsible bidder, Granite Rock Construction, dba Pavex, Inc. in the amount of \$10,831,800.
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Mr. Ivar Satero, Deputy Director, Design and Construction said this is the third construction contract award and is part of the Runway Safety Area (RSA) Program. It supports the Phase 1 of the program to bring the 10R-28L runway into Federal compliance. We currently forecast on-budget completion of the total \$214 million program. We will reforecast the program in the next 6-8 months due to the favorable bids we've received over the past few months on this phase of the program. We'll update the forecast when we start the second phase. This contract will provide for displaced thresholds on the 10-28s by about 300 ft. to accommodate the necessary RSAs at the approach end of the 28s. It will also provide for the runway status lights infrastructure that's occurring within the RSA work areas. Similar to past contracts it's electrical, drainage, striping, paving, nav aids, and pier work needed to meet safety requirements. All bids were within 10% of one another, and the low bid within 4% of the Engineer's estimate. This contract has Federal funds so there is no LBE component. We encouraged a best efforts SBE/ DBE subcontractor participation goal of 8%. Pavex committed to 3% participation.

Item No. 6 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. Commence Solicitation of Interest Process Offering Leases of Office Space in Non-Terminal Buildings, and Authorization to Negotiate the Final Terms of Leases

No. 12-0102

Resolution authorizing staff to periodically issue Solicitation of Interest documents offering leases of office space in certain non-terminal buildings; approving minimum qualification requirements and range of lease terms; authorizing staff to negotiate the final terms of the leases with qualified entities.

Mr. Fermin said that we have various pockets of office space in buildings outside the terminal complex that are vacated from time to time by airlines and aviation support providers. A small amount of these spaces are vacant today and in the future it is likely that other pockets of space will become vacant as well. We are asking for authorization to initiate solicitations of interest from time to time to entities, other than airlines, in an effort to rent out as much space as we can to maximize revenue. Any space leased out will be subject to all City requirements.

Commissioner Johns said it's a great idea.

Commissioner Stern asked if there is a particular target industry.

Mr. Fermin replied that we are targeting the Department of Motor Vehicles. We've heard they're looking for office space. Other than that, we're looking to identify companies that might be interested in office space at the Airport. We think another target group might be consultants that do work for either airlines or airports.

Commissioners Stern and Johns suggested technology companies.

Item No. 7 was moved by Commissioner Guggenheimer and seconded by Commissioner Stern. The vote to approve was unanimous.

7. Memorandum of Understanding with United Air Lines, Inc. Regarding Reimbursement to United for Provision of a Dedicated Airfield Busing Operation Connecting Terminal 1, Terminal 3 and the International Terminal

No. 12-0103

Resolution approving MOU with United Air Lines, Inc. to reimburse United for actual costs incurred for a dedicated airfield busing operation connecting Terminal 1, Terminal 3 and the International Terminal, in an amount not to exceed \$4.2 million per year, for a period of up to 24-months.

Mr. Fermin said United will expand their operation into Terminal 1 in June by taking over three gates in Boarding Area B, and another three gates in July. Their Terminal 1 operations will generate a total of \$11 million annually in terminal rents and landing fees, and that doesn't include the increase in concession and parking revenues that these additional passengers will generate. Passengers connecting between the International Terminal, Boarding Area B, and Terminal 3 will have to be

based on the airside since we cannot provide United with the 6 gates they are entitled to under the Lease and Use Agreement. We ask for approval of the MOU to reimburse busing costs, not to exceed \$4.2 annually. However, United recently advised us that the annual cost may increase by \$500,000 or so because smaller buses are being planned, possibly requiring a greater number of dispatchers and buses. If so, we may have to return for approval to increase the not to exceed amount in the MOU, although we will try our best to keep these costs contained.

Commissioner Guggenhime asked when Boarding Area E will reopen.

Mr. Fermin replied in about 18 months.

Commissioner Guggenhime commented that this is a short term fix.

Mr. Fermin replied that it is. It's just for the 18-month period.

Commissioner Johns asked if a United passenger has a flight originating in Terminal 1, will they go to Terminal 3 and then be bused, or is it just for connecting passengers who land at Terminal 3 and then have a connecting flight?

Mr. Fermin replied it is mostly for connecting passengers. When a flight arrives in Terminal 1 for example, and passengers are connecting out of Terminal 3, they would board the bus and be taken to Terminal 3, or to the International Terminal, or either of the two terminals that they're connecting to.

Commissioner Johns said that there must be a United flight that would have passengers going on to that flight originally in Terminal 1.

Mr. Martin said if you have a flight to Reno out of Terminal 1 for example, you can check in at Terminal 1. But if you accidentally show up at Terminal 3, you can also check in there and then get bused to Terminal 1 to catch your flight to Reno. Commissioner Johns wondered how United was going to manage it and how we were going to help them with the signage and confusion. It will be challenging.

Mr. Martin agreed.

Commissioner Guggenhime speculated that 90% of passengers will still show up at Terminal 3 and have to be bused to Terminal 1.

Commissioner Johns felt that passengers will continue to go directly to Terminal 3 because they know United is there.

Commissioner Mazzola asked if the buses will run along the roadway or airfield.

Mr. Fermin replied airfield side.

Commissioner Guggenhime said that they will then go through security.

Mr. Martin replied they'll only go through security once. Transferring passengers won't have to go through security at all.

Commissioner Guggenhime said that it sounds like United is still going to say that everything is leaving from Terminal 3.

Mr. Martin replied I don't think so. They should be sending notices to passengers reminding them the day before that the flight departs from Terminal 1.

Commissioner Johns said that for folks who are meeting passengers, is their luggage is going to be in Terminal 1 or 3?

Mr. Martin said we're making sure ground transportation operators have a list of flights departing from Terminal 1. We're doing all we can, but it won't be easy.

Item No. 8 was moved by Commissioner Johns and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. Award Terminal 1 Boarding Area C Food and Beverage Kiosk Lease - Rylo Management, LLC

No. 12-0104

Resolution awarding the Terminal 1, Boarding Area C Food & Beverage Lease to Rylo Management, LLC.

Mr. Fermin said this lease is for a dessert kiosk in a newly created space near Gate 43 in Boarding Area C. We received 10 proposals in response to the RFP, however two were non responsive. Rylo Management, a woman owned local firm, submitted the highest rated proposal for a Three Twins Ice Cream concept. They have two locations in San Francisco and shops in San Rafael, Napa and Larkspur.

Ms. Gina Graziano thanked the Commission and Director. Three Twins Organic Ice Cream currently has five scoop shops in the Bay Area. We're so honored to be selected. Thank you for your consideration.

* * *

H. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 9 through 15, was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

9. Modification No. 2 to Professional Services Contract No. 8891- Airport & Aviation Professionals, Inc. - \$1,600,000 Per Fiscal Year

No. 12-0105

Resolution approving Modification No. 2 to Professional Services Contract 8891, for Airline Liaison Office Consultant Services, with Airport & Aviation Professionals, Inc. increasing the FY2012/13 and 2013/14 not-to-exceed compensation to \$1,600,000 per Fiscal Year.

10. Authorization to Pay Required Taxes and Fees for the Compressed Natural Gas

Bus Purchase with the City of San Jose in the Amount of \$300,000

No. 12-0106 Resolution authorizing payment of required taxes and fees for the Compressed Natural Gas bus purchase with the City of San Jose in the amount of \$300,000.

Commissioner Johns said she was surprised to see this item because she assumed we knew that when you sell a used car or truck, DMV collects a tax.

11. Reject All Proposals for Contract No. 9183 - Maintenance of the Airport's Water Perimeter Security Buoy System and Authorize Staff to Reissue a Request for Proposals for Contract No. 9183R

No. 12-0107 Resolution rejecting all proposals for Contract 9183, Maintenance of the Airport's Water Perimeter Security Buoy System and authorizing staff to reissue a Request for Proposals as Contract 9183R and enter into negotiations with the highest ranked proposer.

Commissioner Johns asked if it goes out again for an RFP and you select the highest ranked proposer, will it come to us before you go into negotiations?

Mr. Jeff Littlefield, Deputy Director, Operations and Security said that's my understanding. We're going to reject and start the process over entirely.

Commissioner Johns said I understand that. Normally we approve that highest ranked proposal and then you enter into negotiations, correct?

Mr. Martin said we do that in larger contracts but not small ones. The resolution stipulates that staff will return to the Commission to award the contract to the highest ranked proposer after successful completion of negotiations. However, if your preference is that we bring it to you first, we can do that.

Commissioner Johns said that's what I wanted cleared up.

Commissioner Mazzola asked if this was a big contract.

Mr. Martin replied that it is not.

Commissioner Johns said I don't think it gave us a dollar amount.

Commissioner Mazzola said that they will negotiate first, and then return to us.

Ms. Sheryl Bregman, Airport General Counsel confirmed that we will negotiate first.

12. Award Contract 3590D - RSA South Field Substation "BR" Relocation - Bass Electric, Inc. - \$2,680,681

No. 12-0108

Resolution awarding Contract 3590D, RSA South Field Substation "BR" Relocation to the lowest responsive, responsible bidder, Bass Electric, Inc., in the amount of \$2,680,681.

13. Award Contract 8582R - Rental Car Center Exit Stair - L.C. General Engineering & Construction Inc. - \$422,940

No. 12-0109

Resolution awarding Contract 8582R, Rental Car Center Exit Stair, to the lowest responsive, responsible bidder, L.C. General Engineering & Construction Inc., in the amount of \$422,940.

14. Authorization to Issue a Request for Proposals for Contract No. 9240 - General Airport Security Services

No. 12-0110

Resolution authorizing issuance of a Request for Proposals for Contract 9240, General Airport Security Services and authorizing staff to enter into negotiations with highest ranked proposer

15. Bid Call - Contract 9249 - On-Call Environmental Remediation Services, Phase VI

No. 12-0111

Resolution approving the scope, budget, and schedule for Contract 9249, On-Call Environmental Remediation Services, Phase VI.

16. Travelex America Inc. Foreign Currency Exchange Lease No. 99-0449 - Exercise of the Last of Two Two-Year Options

No. 12-0112

Resolution exercising the last of two two-year options, under Travelex America, Inc.'s Foreign Currency Exchange Lease No. 99-0449, for an option term of Dec. 10, 2012 through Dec. 9, 2014.

* * *

I. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

- J. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

- K. CLOSED SESSION:
The Airport Commission voted unanimously to go into closed session at 9:30 AM.

Discussion and vote pursuant to the Brown Act (Calif. Government Code 54954.3) and the Sunshine Ordinance (S.F. Admin. Code 67.10(d)) on whether to conduct a closed session to confer with legal counsel. ACTION ITEM.

CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code 54956.9(a), Admin. Code 67.8(a)(3)): Knudsen v. CCSF, et al., U.S. District Court (California Northern District), Case No. 4:12-cv-01944-DMR, filed April 19, 2012.
DISCUSSION ONLY.

There are no other planned agenda items for the closed session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (Calif. Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (S.F. Administrative Code Section 67.11).

RECONVENED OPEN SESSION at 9:50 AM.

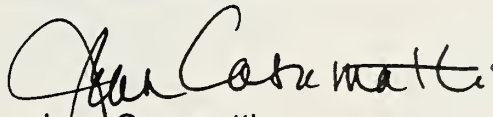
Discussion and vote pursuant to the Brown Act (Government Code 54957.1(a)(2)) and the Sunshine Ordinance (S.F. Admin. code 67.12(b)(2)) on possible report on action taken in closed session. ACTION ITEM.

Discussion and vote pursuant to the Sunshine Ordinance (S.F. Admin. Code 67.12(a)) on whether to disclose any or all discussions held in closed session. ACTION ITEM.

The Commission voted unanimously not to disclose discussions held in closed session.

* * *

- L. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:51 AM.


Jean Caramatti
Commission Secretary



SAN FRANCISCO AIRPORT COMMISSION



MINUTES

June 5, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

GOVERNMENT
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SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
June 5, 2012

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AIRPORT COMMISSION MEETING MINUTES

June 5, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, V.P. arrived at 9:10 AM.
Hon. Eleanor Johns
Hon. Peter A. Stern

Absent: Hon. Richard J. Guggenhime

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 15, 2012 were adopted unanimously.

No. 12-0113

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Retirement Resolution for Mr. Edwin P. Leung

No. 12-0114 Resolution thanking Mr. Edwin P. Leung, Senior Engineer, Design and Construction Division, for twenty five years of faithful service to the Airport and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said Edwin is retiring after 25 years of service at SFO, 27 with the City, as Senior Traffic Engineer. He did an amazing job in managing all the roadway projects through the Master Plan construction. He oversaw the installation of the parking revenue control system, trip reduction program, and most recently a bike share program and new bike lanes on So. McDonnell Road. Edwin always had an excellent working relationship with the staff. We congratulate Edwin on his retirement and outstanding years of service.

Commissioner Mazzola congratulated Mr. Leung on his retirement.

Item No. 2 was moved by Commissioner Stern and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Commendation for Carolyn Schjaerve, RN

No. 12-0115

Resolution commending Carolyn Schjaerve, RN on her 34 years of dedicated service to the SFO Medical Clinic and wishing her well in her retirement.

Mr. Martin said I would like to ask Carol to come to the podium. Carol is retiring after 34 years of service at SFO. She started as a Staff Nurse in the Medical Clinic shortly after Dr. Smookler started the Clinic. She became Nurse Manager and has really been the heart of the clinic for the last 34 years. She helped to make the Clinic a state of the art facility, a model for airport clinics around the world. She's been the key person through all the changes the Clinic has seen in the last 30 years. Through three different business entities that have operated the Clinic Carol has been the consistent force, providing a high level of service and continually raising the bar. The Clinic has gotten better and better over the years and Carol has always been seen as the "go to" person and the "heart of the Clinic." We thank Carol for her outstanding years of service to the Airport and the Medical Clinic. She really been a part of the Airport family.

Ms. Carol Schjaerve thanked the Director for his kind words. Going to work every morning was not like going to work. I loved it and I thank you for giving me the honor to be there for 34 years. Thank you.

* * *

E. DIRECTOR'S REPORTS:

3. Update on SFO's Strategic Plan to Improve On-Time Performance - Verbal Report

Report describing work that has been done on SFO's Strategic Plan to improve on-time performance since the last report at the January 17, 2012 Airport Commission meeting.

Mr. John Bergener, Planning Manager said that this is an update on SFO's Strategic Plan to reduce delays and improve on-time performance.

When this information was previously presented, we discussed the history and causes of delays at SFO and the strategic initiatives that we will be pursuing to reduce delays and improve on-time performance. We noted that low on-time performance is caused by a combination of factors including closely spaced parallel runways that cannot currently be used for simultaneous arrivals in bad weather, airline scheduling practices, especially during morning peak periods, and airline fleet mix choices. The combination of bad weather and peak morning demand results in frequent delays during the morning peak period. Once these delays occur, it can take from several hours to the rest of the day to recover and for operations to get back on track. Recognizing the delays and demands that

started increasing at SFO, we have develop a strategic plan to consistently maintain at least 75% on time performance. The initiatives include rapid pursuit of NextGen and other technology. Regional Airport system planning and collaboration with the FAA and airlines.

Passenger traffic was up 10.7% year over year in April and is up 7.8% to date through fiscal year 2012 vs. 2011. This includes a 9.4% growth in domestic enplanements and 2.3% growth in international enplanements. Note that even more flights are being added to summer so it is expected that the current trend in 10% plus year over year increases are expected to continue. Similarly, aircraft operations are up 6.4% through fiscal year 2012 vs. fiscal year 2011. This includes increases in narrow body, regional jet, turbo prop operations and a decrease in wide body operations. This slide depicts on time arrival performance at SFO compared to other major U.S. airports. The green line on the chart represents SFO's goal of 75% on time performance. I should note that the 2012 data is only available through the end of March which includes a period of low demand and relatively mild weather this year. Despite this favorable condition in the early part of the year, SFO is still not meeting the 75% on time goal set in the strategic plan. It was noted that year over year operations increases are being seen most prominently in turbo prop narrow body and regional jet types of aircraft. The airport recently conducted a study to see what delay reduction could be possible if airlines upgauged their summer schedules, that is replacing flights on smaller aircraft with fewer flights on larger aircraft so that the number of flights by regional jet and turbo prop aircraft was in line with what was being flown back in 2005. The analysis showed that upgauging could yield between 11 and 25% delay reduction, so this is one of the initiatives the Airport is pursuing.

The Airport has been working with the FAA and airlines to get some NextGen and other technology improvements on line within the next two years. These improvements include increased use of the Simultaneous Offset Instrument Approach (SOIA) procedures, using the Airport's existing instrument landing system, use of closely spaced parallel runway operations (CSPR) as described by FAA Joint Order 71-10-308. Creation of area navigation(ARNAV) procedures to allow approaches to closely spaced parallel runways in more weather conditions. All these near term improvements will allow increased use of both arrival runways during marginal and bad weather conditions resulting in fewer delays in the critical morning peak period. These improvements as shown here on the chart could allow increased use of dual arrival runways in marginal and bad weather conditions and in combination could result in almost 48% more availability of dual arrival runways in the marginal and bad weather during morning peak periods of demands reducing delays and improving on time performance. It's not shown here on the chart but this 48% increased use of dual arrival runways equates to about a 24% reduction in delay. We're currently studying the potential increase in on time performance ... it's going to be lower percent increase but should get us over the 75% goal.

This table presents updated timelines for each of the efficiency enhancement concepts, it's noted previously a timeframe for implementation that is consistent with SFO's ongoing runway safety area improvement program that's been identified. It is expected that this new procedure will be in place near the end of

Summer of 2013 following relocation of the Airport's instrument landing system glideslope equipment as part of the Runway Safety Area Improvement Program and work on NextGen concepts using ARNAV is also continued with the expected implementation dates shown.

I've included a slide for folks that aren't familiar with the SOIA procedure. This is where aircraft come in on an offset glideslope until they reach some ceiling level. It was 2,100 ft., it's recently been reduced to 1,600 ft. which will increase our capacity at the Airport slightly during some weather conditions.

In addition to working with the FAA and the airlines to improve airfield and airspace efficiency, the Airport worked with regional agencies including the Metropolitan Transportation Commission, the Association of Bay Area Governments, Bay Conservation and Development Commission, other airports, and cities and counties of the Bay Area that make up the Regional Airport Planning Committee on an update to the Regional Airport System plan. SFO is committed to working on a Regional Airport System plan initiatives but, ultimately airports don't have the legal authority tell airlines where to fly. The Airport has also been meeting with individual airlines to discuss how service and fleet mix decisions are being made with the goal of achieving some level upgaging or the use of fewer larger aircraft in place of more smaller aircraft. As noted, studies have been completed that indicate that some consolidation of flights onto larger aircraft while maintaining the same level of service, could reduce airline operating costs and obviously delays at SFO. Airlines are now studying the Airport's recommendations. FAA has implemented International Air Transport Association (IATA) Level II worldwide slot guideline procedures at SFO. An IATA Level II airport is one when there's potential for congestion during some periods of the day, week or season which can be resolved by voluntary cooperation between airlines. All airlines operating or planning to operate flights at a Level II airport must provide and update details of their planned operations. Airlines operating at a Level II airport must be willing to make voluntary schedule changes in order to avoid exceeding the coordination parameters. So far the FAA has not notified SFO of any schedule changes resulting from this IATA Level II process and this effort appears to be geared towards alleviating potential delays associated with the runway safety area construction work that's going to be occurring in 2014. Going forward, the Airport plans to continue meeting with the FAA and airlines to work on implementing measures to enhance efficiency and better match demand and capacity to continue to support regional airport system planning work until the implementation phase and to work directly with airlines to look for opportunities to adjust fleet mix choices to make better use of limited airfield resources. In addition, SFO has been working to have an active role in a process as the FAA implements IATA Level II slot guidelines at SFO, seeking to guide the process, focus on maintaining competition, and using limited airfield capacity efficiency.

Commissioner Stern asked if the NextGen and other emerging technologies is ready today and it's more of an implementation issue, or they roadmap items and we're waiting for the technology to be resolved?

Mr. Bergener replied that the SOIA has been implemented. The 71-10-308 has been implemented at many other airports with slightly further spaced runways.

The most recent one is Seattle where they have about 800 ft. spacing between the runway. At SFO it's going to be the closest one they've ever done of that and they're working on it. It's kind of a parallel track. There's some equipment that is needed at the Airport that's going to be done along with the Runway Safety Area to lower one of the glideslopes. And then at the same time in Washington there's a parallel track to get SFO included and the order essentially. But that's ready. The area navigation, which is sort of the NextGen technology, is ready, it's more a question of getting enough aircraft equipped with technology which I think is now been overcome in the latest FAA funding level.

Commissioner Johns asked if the 48% that wasn't on the chart, can you describe that, and how did we get to 48%?

Mr. Bergener said what this says is, of the time where we currently can't use two runways, this is going to increase the time we can use those two runways 48%. It's like 48% of maybe 20% of the time when we can't use both runways currently.

Commissioner Johns said that it will make it 48% better.

Mr. Bergener replied better in terms of use of the runways which will result in a delay reduction of about 24%. It's about half as much.

Commissioner Johns assumed the FAA has to approve all of this and then we have to get the airlines to cooperate to go along with using larger planes, fewer commuter, smaller jets, etc. I assume that we are already in discussions with them. Are they willing to go along with this? Is there a financial impact to them?

Mr. Bergener said our discussions with the airlines have been geared towards highlighting flights where by upgauging the flight itself they can actually save money and those are the ones they're looking at. Obviously we don't want to eliminate any service to small airports from SFO because that's how you feed the international traffic. This is more looking at instead of providing a frequency of 10 times between SFO and LAX on regional jets, doing six times on a 737 or something like that.

Mr. Martin said we've not had any positive response from the airlines at all on upgauging. It should be noted they have a lot at stake financially if they move to full slot control Level III, if the FAA goes that direction, each slot is likely to have a value of about \$5 million. There are strong economic factors going on.

Commissioner Mazzola asked if the Department of Transportation has something to do with it too?

Mr. Martin said yes. The Commission was provided with a copy of the letter I sent to the DOT Secretary indicating that we want to make sure that before we move to Level III, that they will consult with us, with our Congressional delegation. We think they should be focusing on the small plane problem, small planes serving big cities, before they take action to stop any further growth and flights to SFO.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Modification No. 1 (Award Trade Bid Package Set B) to Contract 8974B - Design-Build Services for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - \$1,441,589

No. 12-0116

Resolution awarding Trade Bid Package Set B to Contract 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, in the amount of \$1,441,589, for a new total contract amount of \$11,009,089.

Mr. Ivar Satero, Deputy Director, Design and Construction said this modification (first set of trade bid packages), brings the new contract value with Hensel Phelps to \$16,327,000 and awards the initial scope of work, including site and building preparation with demolition, hazmat assessment/abatement and utility safe-off. It's the same type of design-build competitive bidding process as the Terminal 2 project and process, where we bid to a minimum of three pre-qualified bidders. We try to get more than three bidders for demolition when possible, and six bids were received on the demolition scope of work. The low bidder is Joseph J. Albanese at \$1,040,800. The hazmat and utility bid packages were directly negotiated with firms, also in accordance with the Design-Build Ordinance which allows for up to 7.5% of the cost of construction to be directly negotiated with a single firm.

All of the work is within the budget for these services and reflect an under run of approximately \$217,000 below the Engineer's estimate. Staff has confirmed that the scope of work is appropriate and responsive to the bid requirements. We currently are forecasting a cost at completion of \$82,000,000, which essentially achieves on-budget performance. We continue to maintain the appropriate cost contingencies for this stage of the project. For this modification, Hensel Phelps is committing to 33% LBE subcontractor participation. This is one of the reasons we have the 7.5% allowance to negotiate directly with certain subs so we can meet and exceed LBE participation. To date Hensel Phelps is achieving 9% LBE subcontractor participation in comparison to their goal of 14%. This is because most of the work awarded to date is essentially Hensel Phelps' scope. This is the first set of trade packages and as future trade bid packages are awarded there will be more LBE subcontractor participation to assure that we meet and exceed 14%.

Commissioner Johns asked if the total contract was \$16,000,000 or \$11,000,000?

Mr. Satero replied that it's \$11,009,000.

Commissioner Crayton noticed that there is a large variance in Synergy Management's \$2,007,000 and asked if we knew why.

Mr. Satero replied that one bidder was way out there. They were probably hasty in putting their bid together and just threw in a big number. They didn't go through due diligence to understand the risks.

Commissioner Crayton asked if they have bid before.

Mr. Satero said that Joseph Albanese is a big civil contractor and they've worked at SFO before, although I haven't worked with them.

Commissioner Crayton asked if they're an LBE or MBE.

Mr. Satero replied that he is not. The hazmat subs are LBEs. Liberty is an LBE.

Commissioner Crayton noted that we've dealt with Liberty before.

A revised resolution was presented. Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Request for Qualifications and Request for Proposal for Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project

No. 12-0117	Resolution authorizing the Airport to issue a Request for Qualifications and Request for Proposals for Contract 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project.
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Mr. Satero said that Ms. Caramatti provided a replacement resolution for Item Nos. 5 and 6. In reviewing the resolution it was a matter of how we characterized the selection process. What we said in the memo and the resolution is that we would shortlist up to five firms after the pre-qualification, and this isn't correct. All firms meeting the pre-qualification make it to the next stage, which is the selection panel's review of technical proposals. After that review, we shortlist up to five firms. That's been our process for design build since we began. My apologies.

The West Field Cargo project is a design-build project and this item authorizes the RFQ/RFP. The scope of work provides for Phase I redevelopment of the West Field cargo area. URS did a Programming Study in 2006 that essentially developed a large program for the West Field redevelopment. This Phase I is a building replacement program since we have old, outdated buildings in that area. This first phase replaces Cargo Building No. 7. In 2006 we stopped the design and discontinued the program because of the downturn in cargo traffic and the inability to get to a lease agreement with DHL. We are now moving forward with Phase I and the project is of the same design that was developed by URS. It essentially replaces Cargo Building No. 7, the oldest building on that site. It's about 100,000 sq. ft. of office area and 20,000 sq. ft. of mezzanine. The primary

tenants will be DHL and Trux, a common use cargo carrier, I believe will be the other tenant. Cargo Building 7 will be demolished as part of the work and once this phase is complete we'll develop a program for subsequent phases of the West Field area redevelopment as building condition and demand warrants.

We propose the design-build methodology for this project for efficiencies in design and construction that give us time savings and ultimately reduce project cost. Our decision making is better informed with a design-build team working in collaboration with our team. In this process we will again use a best value selection process where costs and quals are part of the evaluation, all in accordance with the Design-Build ordinance. We will follow a pre-qual process where all firms that meet the minimum qualifications will be part of the pre-qualification list. A selection panel will be convened to review the technical proposals and based on the scoring, we will shortlist up to five of the highest scoring firms. The selection panel will then conduct interviews with up to five of the highest scoring firms. The scoring will then be compiled from the cost, the technical proposals and interviews, and the ranking will be presented to the Commission for award to the highest ranked proposer. We will work with the HRC to develop the LBE subcontracting opportunities and then we will also seek to exceed these LBE goals as well as develop San Francisco based business goals, as we did with the Terminal 2 project, to engage as many local businesses as possible. Funding is provided from the Airport's Capital Improvement Program.

Commissioner Johns asked if he was saying that DHL and Trux will be tenants.

Mr. Satero replied yes.

Commissioner Johns asked if they have already shown interest in leasing x-amount of space before we even go forward with this?

Mr. Martin replied yes. We expect the building to be fully leased when it opens.

A revised resolution was presented. Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

6. Request for Qualifications and Request for Proposal for Contract 9048A - Design-Build Services for Terminal 3 Checkpoint and Building Expansion Project

No. 12-0118

Resolution authorizing the Airport to issue a Request for Qualifications and Request for Proposals for Contract 9048A, Design-Build Services for Terminal 3 Checkpoint and Building Expansion Project.

Mr. Satero said that this scope of work is based on the conceptual planning that's being done by URS/ECS, the joint venture team that was selected from our construction management pool list. They engaged HOK Architects to conduct the architectural interior visioning for the project. That team will also provide CM services throughout the project. This proposed contract is part of the overall

Terminal 3 program which accomplishes several major scopes of work in Terminal 3. The Commission previously approved the Boarding Area E Renovations project. You previously awarded a trade bid package ... the Hensel Phelps contract. You also previously awarded the Baggage Handling Modernization program to Vander Lande, another key part of the Terminal 3 Program. This is another piece of the Terminal 3 program which essentially addresses the lobby congestion issue. It reconfigures the checkpoint areas, relocates the ticket counters and bumps out the back of the building to provide for that Terminal 2 standard in passenger experience. It will also provide for an amenities program similar to the Terminal 2 amenities program for areas that aren't going to receive major reconstruction. We'll look for opportunities to use that same type of seating, the same type of amenities like information kiosks, hydration stations and some of the Terminal 2 features that have been so well received, and incorporate it into Terminal 3. We're again proposing a design-build methodology and we will use the same selection process that I spoke of before, with a pre-qualification phase, an interview phase, a final accumulation of scores and a presentation to the Commission for award. We will work with the HRC to develop LBE subcontractor participation goals and endeavor to improve upon those goals, as well as the participation of San Francisco firms. This project is also funded through the Airport's Capital Improvement Program.

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H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 14, was moved by Commissioner Johns and seconded by Commissioner Crayton. The vote to approve was unanimous.

7. Modification No. 1 (Award of Trade Bid Package Set No. 1) to Contract 9078A - New Data Center - Transworld Construction, Inc. - \$1,088,468

No. 12-0119	Resolution awarding Trade Bid Package Set No. 1 to Contract 9078.A, New Data Center, with Transworld Construction, Inc., in the amount of \$1,088,468.
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8. Award of Professional Services Contract No. 9204 - Airport Economic Impact Study - Economic Development Research Group, Inc. - \$149,778

No. 12-0120	Resolution awarding Professional Services Contract 9204 to Economic Development Research Group, Inc. in an amount not to exceed \$149,778 to conduct an Airport Economic Impact Study.
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9. Authorization to Issue a Request for Proposals for Contract 9129R for As-Needed Executive Search Firms and to Negotiate with the Highest-Ranked Proposers

N. 12-0121	Resolution authorizing issuance of a Request for Proposals from the City's existing pre-qualified pool for Contract 9129R for As-needed Executive Search
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Firms for hard-to-fill executive and Airport specialized positions and authorize staff to conduct negotiations with the highest-ranked proposers

10. Modification No. 4 to Professional Service Contract - Gerchick Murphy Associates To Provide Continued International Aviation Development Services - \$250,000

No. 12-0122 Resolution approving Modification No. 4 to Professional Services Contract with Gerchick Murphy Associates to exercise the second option to renew the agreement for two years and to increase the amount by \$125,000 per year for a new total not-to-exceed amount of \$955,000 for continued International Aviation Development services. All other terms and conditions of the contract remain in full force and effect.

11. Exercise of Option for Boarding Areas B and C Book and News Store Lease No. 04-0231 - Pacific Gateway Concessions, LLC

No. 12-0123 Resolution exercising the first of two one-year options, under Pacific Gateway Concessions, LLC's Boarding Area B and C Book and News Store Lease No. 04-0231, for an option term of June 30, 2012 thru June 29, 2013.

12. Exercise of the Last of Two One-Year Options to Bank of America, N.A.'s Domestic Banking Services Lease No. 00-0068

No. 12-0124 Resolution exercising the last of two one-year options, under Bank of America, N.A.'s Domestic Banking Services Lease No. 00-0068, with an option term of December 10, 2012 thru December 9, 2013.

13. Exercise of the First of Two One-Year Options to Bank of America, N.A.'s International Terminal Automated Teller Machines Lease No. 08-0017

No. 12-0125 Resolution exercising the first of two one-year options under Bank of America, N.A.'s International Terminal Automated Teller Machines Lease 08-0017, for an option term June 24, 2013 thru June 24, 2014.

Commissioner Johns asked if the ATM fees (Items 12 & 13) will remain the same.

Mr. Leo Fermin, Deputy Director, Business and Finance replied yes. The ATM fees for non-B of A users will remain unchanged at \$1.50.

14. Modification No. 2 to Contract No. 8970 - Closed Circuit Television (CCTV)
Advanced Surveillance Program - No Cost Contract Time Extension

No. 12-0126

Resolution modifying Contract No. 8970, CCTV Advanced Surveillance Program with Siemens Industry, Inc. to extend the contract duration by 207 calendar days, at no additional cost to the Airport.

* * *

I. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. Kevin Hughes, Assistant Business Manager for Electrical Workers Local 6 in San Francisco, said I'm here this morning in regards to information we've received recently regarding an investigation being conducted at the Airport by the FBI related to our members who perform airfield lighting maintenance. Last Thursday the FBI came into the Electric Shop. They received an assertion or allegation that there was some threat of sabotage by our members who work at the Airport and are required to exercise due diligence and do an investigation, which we understand. My purpose this morning is to bring this to your attention because when they receive an allegation like this, it is serious. They are required to do an investigation, and we understand that, and we think that whatever comes out of that investigation related to sabotage of airfield lighting or electrical distribution systems, is something that is a concern of ours and it should be a concern of yours also. By way of background, we represent members that work at Hetch Hetchy for SFPUC. We supply water and the infrastructure to about 1.5 million people. We provide electricity from Mocassin all the way to San Francisco to run San Francisco International Airport, the Municipal Railway. We do all the signal systems for public transportation related to light rail vehicles, buses, all traffic signals related to public transit in all public corridors, the Golden Gate Bridge, the Port of San Francisco, shipping. We're quite familiar with the Homeland Security Act. We take public safety seriously. We don't think it's something that should be raised frivolously. We don't know the circumstances related here, but we do understand the process and what needs to take place. What we would ask is that whatever comes out of it, that there be a report related to what was the outcome of the investigation. We're confident that there will be finding that there was no representation of sabotage by anyone. We won't form that conclusion, we will wait for the report. We don't have authority to make that request and as the time runs down here, in the event that the request is something of confidential nature, we would ask that the Commission request a closed session for a brief report from Director Martin as to what was the finding of the FBI. We have never had the FBI in 40 years investigate our members and we do security systems everyday, everywhere. Mr. President, thank you.

Commissioner Mazzola thanked Mr. Hughes for his report. John, it's important and it's a good request that we be able to share the report, or, if we can't share it, we'll talk about it here. We'll keep Local 6 involved.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to the Brown Act (California Government Code 54954.3) and the Sunshine Ordinance (San Francisco Administrative Code 67.10(d) on whether to conduct a closed session to confer with legal counsel. ACTION ITEM.

The Airport voted unanimously to go into closed session. The closed session began at 9:39 AM.

CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code 54956.9(b), Administrative Code 67.10(d)(2) [significant exposure to litigation]: One matter, undisclosed to protect City's interest.

There are no other planned agenda items for the closed session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote on whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

The meeting was reconvened at 9:50 AM.

Discussion and vote pursuant to the Brown Act (Government Code 54957.1(a)(2)) and the Sunshine Ordinance (San Francisco Administrative Code 67.12(b)(2)) on possible report on action taken in closed session. ACTION ITEM.

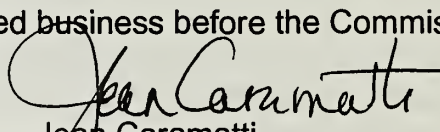
Discussion and vote pursuant to the Sunshine Ordinance (San Francisco Administrative Code 67.12(a)) on whether to disclose any or all discussions held in closed session. ACTION ITEM.

The Commission voted unanimously not to disclose the nature of the closed session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:51 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**June 26, 2012
Special Meeting**

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
June 26, 2012

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AIRPORT COMMISSION SPECIAL MEETING MINUTES

June 26, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 5, 2012 were adopted unanimously.

No. 12-0127

* * *

L. SPECIAL ITEM:

Item No. was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

1. Retirement Resolution for Mrs. Elsie Sanchez

No. 12-0128

Resolution thanking Mrs. Elsie Sanchez of the Design and Construction Division, for fifteen (15) years of faithful Airport service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said that Elsie Sanchez is retiring from Design and Construction after 15 years of service. She always promoted good will and a very positive attitude with her fellow staff members. We thank her for her years of outstanding service.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

2. Modification No. 2 (Adding Trade Bid Package Set No. 2) to Contract No. 9078A - New Data Center - Transworld Construction, Inc. - \$7,279,643

No. 12-0129

Resolution adding Trade Bid Package Set No. 2 to Contract 9078.A, New Data Center, with Transworld Construction, Inc., in the amount of \$7,279,643.

Mr. Ivar Satero, Deputy Director, Design and Construction said this modification provides for the addition to the contract of various scopes of work pertaining to the mechanical, electrical, and plumbing as well as the architectural components, the CMU building, the roofing and structural steel trade bid packages. In accordance with the Administrative Code, these trade bid packages were competitively bid to a minimum of three pre-qualified bidders. Staff reviewed the bids and determined that the bids are responsive and appropriately reflect the agreed upon scope of work. This proposed award is within the overall Engineer's estimate and is approximately \$250,000 under the estimate. With these bids we are forecasting a cost at completion of the program of \$12.6 million in comparison to the budget of \$12.8 million, and we continue to maintain the appropriate cost contingencies in the overall project. For this modification Transworld committed to 44.6 LBE sub-contractor participation. To date, they're achieving 54.8% LBE participation against the HRC goal of 24%.

Item No. 3 was moved as amended by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Termination of Lease Negotiations for Hydrogen Fuel Station

No. 12-0130

Resolution terminating lease negotiations with Linde LLC for a hydrogen fueling station on Airport property, declining grant funds, and canceling the project.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said the Airport is requesting the termination of lease negotiations under Resolution 09-0172 with Linde LLC to install and operate a hydrogen fuel station at SFO. The Airport has been negotiating a hydrogen fuel station lease with Linde since July 2009 and now seeks to decline State grant funds obtained and cancel the project. Lease negotiations between the Airport and Linde have reached an impasse. There are two areas of concern which drive this. Linde is unwilling to execute a lease that includes the Airport's standard indemnification clause, and the proposed location which is on the Airport's southern perimeter between So. McDonnell Road and Millbrae Avenue. This location is within close proximity to runways, roadways, and hotels. Driving these concerns are recent incidents involving pipeline and hydrogen explosions and we have reconsidered the risk factors associated with having a large scale hydrogen fueling station at SFO. Such recent incidents highlighted our concerns as to the compatibility of a hydrogen fueling station at the Airport,

particularly within close proximity to active air space and major freeways as stated. We've explored and determined that we do not have an alternate location that is suitable and believe these circumstances necessitate cancellation of the project. We are appreciative of the grants awarded in support of this project from the California Air Resources Board and other governmental State agencies, however, in light of the circumstances we ask that the Commission decline these grants. We look forward to future opportunities with these agencies and maintaining our well established, positive working relationships. In conclusion, I respectfully ask that this Commission terminate lease negotiations under Resolution 09-0172 between the Airport and Linde and decline any grant funds under Resolution 09-0021 and cancel the Hydrogen Fueling Station project. I thank you, and with that I will be glad to answer any questions.

Commissioner Guggenhime asked if they were willing to sign the indemnification language, would that have made a difference or is that just one of the issues? If they said, okay, we'll sign the indemnification, what would you have done?

Mr. Littlefield said well that was a sticking point. In proceeding ...

Commissioner Guggenhime said that's a principal sticking point.

Mr. Martin said that the risk factor now ... it was a sticking point but now we became aware of the risk factor. The risk factor is also right out there as the key reason why not to move forward. I'm not comfortable going forward just based on the risk factor.

Commissioner Guggenhime said I just hate to give up \$4.1 million in assistance. Okay, thank you.

Ms. Annalisa Bevan, Chief, Sustainable Transportation Technology Branch, CA Air Resources Board (CARB) said thank you for the opportunity to address you this morning. I'm here today as a grant funder of this project and I would like to respectfully ask that you not cancel our grant agreement today. But rather, that you give us the opportunity to amend our grant agreement, to transfer the project to Linde, the project provider. This would give us the opportunity to preserve our funds for the project and allow Linde to pursue development of a retail hydrogen station at an alternative site. California remains very committed to commercializing zero emission vehicles and to providing infrastructure hydrogen retail stations in communities so that consumers can purchase fuel sell cars and operate them. Hydrogen retail fueling stations are critically important to the commercialization of fuel self vehicles. Fuel self vehicle commercialization in turn is a key goal for California as they are zero emission vehicles (ZEV) and California must commercialize ZEVs in order to meet our health based air quality standards and our climate change emission reduction goals. The Governor's Executive Order signed in March makes commercialization of ZEVs a top priority for the State and outlines a goal of making communities ready for ZEVs to market by 2015 including establishment of necessary fueling infrastructure. Additionally, CARBs Advanced Clean Cars Program requires auto makers to sell zero emission cars by 2025. About 15% of all new cars sold in California will be zero emission vehicles, either battery, electric, or fuel cell. In conclusion, we can respect your decision to not move forward with this project at this location, however, we ask that you please

work with us to transfer the project to another partner to preserve this opportunity to develop needed infrastructure to support the coming market for ZEVs. Thank you.

Mr. Steve Eckhardt, Hydrogen Fueling Program Manager, Linde North America said Linde is a leader in hydrogen fueling and has designed and built over 80 of the over 200 hydrogen fueling stations to deployed worldwide. Many of these hydrogen fueling stations supply fuel cell forklift trucks operated by major companies such as Whole Foods, Coca Cola, BMW, Cisco and Pepsi. Other stations supply fuel cell cars and fuel cell buses and are located at a retail gasoline stations and transit bus depots. Linde is disappointed that SFO and Linde could not come to terms to locate a hydrogen fueling station at the Airport. We appreciate the hard work by SFO staff including some staff that are seated here today, to negotiate the details of the contract. Both parties worked very diligently to try to make this happen. Linde has agreed to indemnities in contracts for its hydrogen fueling station installations with both private and government entities, however, SFO Airport required Linde to take on liability for SFO negligent actions and this was one issue where the parties were just unable to agree. We hope SFO Airport and the City will reconsider and work with CARB, the CEC, and Linde to find a way to locate a hydrogen fueling station at a gasoline station for the Airport and neighboring towns and be a part of the rollout of hydrogen fueling stations at gasoline stations throughout the state and give consumers an opportunity to drive these fantastic zero emission vehicles. Thank you for the opportunity to speak today.

Mr. Jim McKinney, Manager, Alternative and Renewable Fuel and Vehicle Technology Program, California Energy Commission, said that light duty hydrogen cell passenger vehicles will play a critical role in meeting Governor Brown's Zero Emission Vehicle Executive Order to rapidly deploy battery electric and hydrogen fuel cell vehicles in California. Manufacturers of fuel cell vehicles are poised to begin a large scale commercial launch of these vehicles in the 2015/17 timeframe. Future consumers of these vehicles need to know that hydrogen fueling stations are available in their neighborhoods before they consider buying one of these new technology cars. At present, the California Energy Commission is the largest source of government incentive money for hydrogen fueling station development in California. Through the Alternative and Renewable Fuel and Vehicle Technology Program, we are investing a total of \$55 million through the fiscal year 2012/13 to support the development of hydrogen fueling stations in California. At present, there are just eight of these stations publicly available in the State. On June 10, 2010, the Energy Commission announced an award in the amount of \$567,000 to the San Francisco Airport Commission to partially fund a new hydrogen fueling station on the grounds of San Francisco International Airport. California Air Resources Board, my colleague, Annalisa Bevin provided the majority of government incentive funding and Linde, LLC was identified as the station developer. Linde won two additional awards from the Energy Commission to construct stations both in Southern California and Sacramento. Linde is one of the world leaders in hydrogen fueling station development and operation. We are pleased to support them and have confidence in their business approach and technology packages. We also have a \$3 million grant with AC Transit in Alameda County to develop a second hydrogen fueling station for transit buses in Oakland. Linde is also the prime developer and equipment supplier for that project. The Energy Commission is actively monitoring the investigation by Sandia National Laboratory of the hydrogen release incident at

the Emeryville Transit Fueling Station. We are aware of public concerns about the incident and look forward to reviewing the report findings, conclusions, and recommendations, if any, that may arise later from this report. The report may also provide insight and information that we would incorporate into our next hydrogen fueling solicitation. While we are disappointed with the recommendation of the Commission staff to cancel the agreement to develop a hydrogen fueling station at the Airport, we recognize and defer to their expertise on Airport operations, safety, and liability. We strongly urge the Airport Commission, however, to not cancel this grant agreement. Instead, allow us the option of finding a way to transfer the funds to Linde so that State grant money can be preserved and an alternative station can be located in the vicinity of the Airport. If the grant is cancelled, these funds will be lost and we cannot use them or redirect them to any other alternative fueling station in California. The Bay Area will be one of the target launch areas for hydrogen fuel cell electric vehicles in California and it is imperative that all interested government entities and stakeholders work together to help to create the network of hydrogen fueling stations needed in the near term to support commercial launch and consumer acceptance of these next generation zero emission vehicles. Thank you for your time.

Mr. Martin said we've had a great relationship with CARB over time. We certainly preferred to hear about this request in advance, but my recommendation to the Commission is, if you turn to the Resolution, to delete the language that says, "respectfully declines any grant funds" so the next to the last Resolve would instead read "Resolved, that the Commission hereby terminates lease negotiations under Resolution No. 09-0172 and cancels the hydrogen fueling station project." The Resolution would not address declining the grant funds so that leaves us open to try to accommodate CARB's request.

Commissioner Johns said actually that was part of my question. When Ms. Bevin first spoke you indicated that you would not like to have the funds lost, and I certainly understand that, but I think our position is we would like to terminate the lease negotiations but certainly if we can transfer those funds to Linde, I think that would be...

Mr. Martin said and we just don't want to be party to an agreement in any way ... so that we don't want any liability, we don't want to lease property off-Airport but we would like to assist CARB, if we can, without assuming any liability.

Commissioner Guggenhime asked if there any other airports in the country that have hydrogen fueling projects similar to the one proposed here?

Mr. Martin replied I don't know.

Ms. Bevan replied Los Angeles International Airport operated a station at the end of their runway system during the early 2000s to refuel passenger vehicles part of the DOE's Technology Validation Program.

Commissioner Mazzola asked do you know why they terminated that?

Ms. Bevan replied lack of utilization primarily and the end of the demonstration

program and funding from DOE.

Mr. Eckhardt said that there's also a hydrogen fueling station operating just off LAX property, right across the road from a runway that's been operated by General Motors for at least several years ... it continues to operate today.

Commissioner Mazzola said I think it's a fair compromise that we still have a Resolution taking it off the Airport but still not giving up the grant and you can still negotiate to try to help CARB. So if that's agreeable with everybody, will you make a motion.

Item No. 4 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

4. Establish a Pool of Pre-Qualified Contractors to Provide International Strategic Marketing Alliance Services for Varied Scopes of Work for Key Overseas Locations

No. 12-0131

Resolution authorizing staff to establish a pool of pre-qualified contractors to provide International Strategic Marketing Alliance Services in overseas locations to the top three ranked respondents: Burson-Marsteller, Hill & Knowlton Strategies and The San Francisco Travel Association.

Ms. Kandace Bender, Deputy Director, Communications and Marketing said that we are seeking Commission approval to establish a pool of qualified contractors to provide international marketing services in key overseas markets. This would be designed to promote the Airport, support our existing international carriers and to encourage new service. In the past, our overseas efforts with our marketing partners in several regions have played a role in increasing service and increasing passenger numbers. For instance, with our previous pool of contractors we focused efforts in the European market for more than two years. This summer SFO is welcoming 13 new flights per week from Europe, including a new carrier, XL Airways from France. Similarly, we partnered on campaigns in Canada and Mexico and we saw increases in service to both of those markets. Of course, many factors play into the increase in service but we do believe marketing in various regions has contributed to that. To be effective and to be sensitive to cultural nuances, the marketing and advertising campaigns we are implementing overseas really must be created and implemented by representatives in those respective countries. For instance, we could not successfully create and place an effective marketing campaign in Brazil from our office in San Francisco. The work needs to be done in Brazil by Brazilians although the contracts are managed from San Francisco.

In April of this year, we issued a Request for Qualifications to form a pool of three to five international marketing contractors. Because the work is conducted overseas we requested a waiver of the LBE subcontracting goals and the waiver was granted. At the pre-proposal conference, which was attended by more than 30 people, we encouraged smaller firms to team up in their proposals in order to meet the minimum requirements. We had five responders, four of which were deemed

qualified. The proposals were judged by an outside panel of international marketing experts and their names are listed in the package that we presented to you. Three of the firms scored very close together and we are recommending that all three be placed into the pool. Burson-Marsteller had 642 points, Hill & Knowlton in partnership with Luca Global had 677 points, and SF Travel Association had 650 points, out of a total of 750 potential points. I'd like to point out that the top scorer, Hill & Knowlton in partnership with Luca Global, is expected to be re-certified as an LBE in the coming weeks. This firm was previously an LBE firm. If the pool is approved by the Commission, we will then begin negotiating contracts with each of these firms for various scopes of work. The total budget for this pool will not exceed \$1.15 million per year for multi-year contracts with up to five years.

Item No. 5 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

5. Award of Contract No. 9137 - Independent Assessment and Recommendation on Measures to Improve the Shared-Ride System at San Francisco International Airport - Leigh/Fisher Management Consultants - \$180,000

No. 12-0132	Resolution awarding Contract 9137 to Leigh/Fisher Management Consultants to conduct an independent assessment and make recommendations for measures to improve the shared-ride system at San Francisco International Airport in an amount not to exceed \$180,000.
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Mr. Littlefield said we are requesting award of Professional Services Contract No. 9137 to LeighFisher Management Consultants to conduct an independent assessment and make recommendations on best practices that SFO can follow in the future to improve our shared-ride system. We believe this professional assessment is necessary in order to maintain the very highest level of customer service for the traveling public and to ensure that each permitted operator is complying with the provisions specified in their operating permit. In December of 2011, Airport staff prepared and issued an RFP seeking qualified and experienced contractors to conduct a comprehensive analysis of our shared-ride industry. This study will take six months and will develop, analyze and evaluate various strategies to improve the shared-ride industry at SFO. Two consultants submitted proposals deemed responsive that met the minimum requirements ... Nelson Nygaard Consulting Associates and LeighFisher Management Consultants, both leading transportation consultants within the industry. LeighFisher earned the highest score under the evaluation criteria set forth in the RFP. The protest period for this RFP will end at the close of business today, June 26, 2012 and to my knowledge we've received no protests. The study will provide objective recommendations and measures to improve customer satisfaction, reduce Airport costs, and meet the desires of the shared-ride industry. Upon completion of the study a new RFP will be issued to identify a company to help implement LeighFisher's recommendations. In conclusion, I ask that the Commission award Contract 9137 to conduct an independent assessment and make recommendations for measures to improve the shared-ride industry at SFO to LeighFisher in the amount not-to-exceed \$180,000.

Item No. 6 was moved by Commissioner Stern and seconded by Commissioner Mazzola. The vote to approve was unanimous.

6. Authorization to Issue a Request for Proposal - Contract No. 8354.1 - Airport Shoreline Protection Feasibility Study

No. 12-0133

Resolution authorizing the Airport to issue a Request for Proposal for Contract No. 8354.1, Airport Shoreline Protection Feasibility Study.

Mr. Satero said that as a result of the 2008 Flood Plain Management Ordinance, the City is able to provide flood protection to all City residents through the National Flood Insurance Program. As a result, the Ordinance requires that all City departments implement measures on all new construction or significant remodels to protect those facilities from damage in the event of a major tidal occurrence. This tidal occurrence is defined by the 1% annual chance flood, termed the base flood by FEMA. Based on the current floodplain map, the Airport is partially inundated in that base flood condition, however, there is a preliminary new map under review which essentially depicts that all Airport property is inundated in this 1% based flood condition. This will mean that essentially all new construction and major remodels at SFO will have to incorporate protection measures. Protection measures can either be to raise the first floor of the facility up by two feet or provide a perimeter dam system, which is a perimeter type protection measure, or wet proof the first floor of the building which essentially allows for floods to go in the building and recede from the building without major damage to the facility. We've done some estimating and determined that they would impact project construction cost by about 5%. When you look at our significant capital program over the next 10 years it is a major cost to implement these measures. We're also concerned that these measures don't protect SFO's major priority assets which are the runways, taxiways and all of the electrical substations that operate our navigation and lighting systems. Therefore, in a major flood occurrence we would be out of operation for an extended period. We recommend taking a longer term, holistic view to protect the whole Airport from a base flood occurrence. Given that we have an existing seawall system, we're proposing to contract with a specialty consultant to conduct a feasibility study to assess the current condition of the existing seawall, and, if feasible make recommendations to ensure that it will protect the Airport in the event of a base flood condition, and then establish or validate SFO's base flood elevation so we can have a dialogue with FEMA. We will follow all of our solicitation policies. I want to make clear that there's a sea level rise issue and the 100 year event issue, so once we go through this evaluation we will then look at the sea level rise forecast and make a final determination on what this seawall plan should look like.

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G. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 7 through 18, was moved by Commissioner Guggenheimer and seconded by Commissioner Stern. The vote to approve was unanimous. Item No. 19 was removed from the calendar without discussion.

7. Equipment and Maintenance Agreement No. 9229 - Provide Equipment and Hardware and Software Maintenance Services for the Airport's Aircraft Noise

Abatement System - Bruel and Kjaer EMS, Inc. - Not-to-Exceed \$1,520,000

No. 12-0134

Resolution awarding a new Equipment and Maintenance Agreement 9229 with Bruel and Kjaer EMS, Inc. to maintain equipment and hardware and software used in the Airport's noise monitoring system, following the expiration of the current warranty maintenance period on 6/30/2012. This system includes flight tracking hardware, noise monitors, weather sensors and software. The total contract not-to-exceed amount is \$1,520,000.

8. Modification No. 1 (Adding Trade Bid Package Set 1) to Contract No. 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - \$613,720

No. 12-0135

Resolution adding Trade Bid Package Set 1 to Contract No. 9015A, Design-Build Services for the Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Company in the amount of \$613,720, for a new total contract amount of \$10,332,404.

9. Award of Contract No. 8575B - Terminal 1, Boarding Area 'B' Restroom Addition Galliera, Inc., dba Trico Construction - \$556,091

No. 12-0136

Resolution awarding Contract No. 8575B, Terminal 1, Boarding Area B Restroom Addition, to Galliera, Inc., dba Trico Construction, in the amount of \$556,091.

10. Request for Proposals for Professional Services, Contract 9033.9 - Construction Management Services for Terminal 1 to Terminal 2 Secure Connector

No. 12-0137

Resolution authorizing the Airport to issue a Request for Proposals for Professional Services, Contract No. 9033.9 Terminal 1 to Terminal 2 Secure Connector.

11. Modification No. 2 to Professional Services Agreement, Contract 8974.2 - Airport-Wide As-Needed Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration - BNP Associates, Inc. - \$214,530

No. 12-0138

Resolution approving Modification No. 2 to Professional Services Agreement, Contract 8974.2, Airport-Wide As-Needed Baggage Handling System and Passenger Boarding Bridge Improvements

Design and Integration, with BNP Associates, Inc., in an amount not to exceed \$214,530.

12. Modification No. 1 to Contract No. 8974.1 - Boarding Area E Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration - CAGE, Inc. - \$183,084

No. 12-0139

Resolution approving Modification No. 1 to Professional Services Agreement, Contract 8974.1, Boarding Area E Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration, with CAGE, Inc., in an amount not to exceed \$183,084, and a time extension to May 10, 2014.

13. Bid Call - Contract No. 8599 - Terminal 1 Lighting Improvements

No. 12-0140

Resolution approving the scope, budget, and schedule for Contract No. 8599, Terminal 1 Lighting Improvements, and authorizing the Director to call for bids when ready.

14. Exercise the Two-Year Option to Extend International Terminal Specialty Retail Lease No.05-0200

No. 12-0141

Resolution exercising the sole two-year option to extend the term of Brookstone Company Inc.'s International Terminal Specialty Retail Lease 05-0200, for an option term of May 26, 2013 thru May 25, 2015.

15. Exercise of the First of Two, One-Year Options Under the Boarding Area F HUB Specialty Store Lease A No. 07-0065

No. 12-0142

Resolution exercising the first of two one-year options under Air Sun dba Sunglass Hut Boarding Area F Hub Specialty Store Lease A No. 07-0065, for an option term of December 21, 2012 through December 20, 2013.

16. Agreement No. 9258 with the County of San Mateo for Services Provided by the Airport/Community Roundtable - \$220,000 per Fiscal Year

No. 12-0143

Resolution approving Agreement No. 9258 with the County of San Mateo for services provided by the

Airport/Community Roundtable in an amount not to exceed \$220,000 per fiscal year for fiscal years 2012-2013, 2013-2014, and 2014-2015.

17. Assignment of the Terminal 3, Boarding Area F Apparel & Accessories Store Lease No. 11-0212 from Genesco, Inc., Hat World Division to Hat World, Inc.

No. 12-0144

Resolution consenting to the assignment of a concession lease from Genesco, Inc., Hat World Division to its wholly owned subsidiary, Hat World, Inc.

18. Modification No. 4, Contract No. 8847 - SamTrans Route 397 Owl Bus Service - \$175,000

No. 12-0145

Resolution approving Modification No. 4 to Contract No. 8847 to exercise the fourth and final one-year option with SamTrans for Route 397 Owl Bus Service from July 1, 2012 to June 30, 2013, in an amount not to exceed \$175,000 for a total new contract amount of \$740,000.

Item No. 19 was removed from the calendar.

19. Approval of a Rent Credit to Sprint/Nextel Due to a Required Relocation

Resolution approving a rent credit to Sprint/Nextel, under Lease No. 09-0051B, in an amount-not-to-exceed \$26,871 for cost sharing of a required equipment relocation in Terminal 1 due to the new Air Traffic Control Tower project.

* * *

H. **NEW BUSINESS:**

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. David Trotman thanked the Commission for the opportunity to speak. The reason I'm here today is regarding the curbside management program for taxis at the Airport. As part of improving service, we would like to be able to create an application that would work on cell phones/smart phones that would allow taxi drivers to know how long the wait was at the Airport. Under present conditions, this is done under on an informal basis. If someone is at the Airport, they call their friends and say the Airport is in need

of taxis, or perhaps not. It takes 15 minutes to get to the Airport. If a taxi isn't needed, you go back to the City or you wait in line. Because the Airport has limited capacity in terms of its ability to handle cabs, in some situations this results in the placement of a cone at the entrance so taxi drivers have to circle, further contributing to congestion when the Airport is busy. The information that would allow us to take care of this congestion problem is currently held by Cubic Corp. in Concord. We would like the Commission to recommend that we have an opportunity to take a look at this information. No viable reason has been presented for the technical inability to access it.

Mr. Martin said the existing contractor is out of business and we're just scraping along until we get the new system in place. The contract has been awarded. We will have the ability to track taxi lines and we will make the information accessible on open source data. It's just going to take a little time before it's there.

Commissioner Guggenhime said didn't we discuss that a year ago or so?

Mr. Martin responded yes.

Commissioner Mazzola said that you don't have a landside contractor now.

Mr. Martin responded no, the contractor is starting work in July on the new system.

Commissioner Johns asked how long will it take? They're building a whole new system?

Mr. Martin responded they're building a whole new system. The existing system is patched together because the contractor is out of business. We don't find this being a big problem because the drivers find a way to get the information. As the speaker said, they're sharing information today through they're cell phones.

Commissioner Stern asked if you can provide a visual representation of what the line looks like versus uploading a lot of raw data.

Mr. Martin replied we could ... at certain times of the day there may be a lot of cars but they move out quickly. Other times, there's a lot of cars and they're slow moving, depending on arriving flight traffic. I'm sure we can get a camera set up and get that tied into an application. It's not going to provide the full information but I think it would really be most beneficial.

Commissioner Mazzola said we ought to look into something like that ... something like Peter suggested.

Mr. Martin said in the meantime before doing the new system.

Commissioner Mazzola responded, yeah.

Commissioner Stern said as a short term or bridge solution.

* * *

CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. **CLOSED SESSION:**

There are no planned agenda items for a Closed Session for the current meeting.

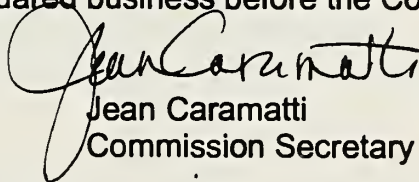
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

K. **ADJOURNMENT:**

There being no further calendared business before the Commission the meeting adjourned at 9:45 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

July 17, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
July 17, 2012

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AIRPORT COMMISSION MEETING MINUTES

July 17, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President arrived at 9:05 AM
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of June 26, 2012 were adopted unanimously.

No. 12-0146

* * *

D. SPECIAL ITEMS:

Item Nos. 1 through 8 were moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Retirement Resolution for Ms. Carolyn Broussard

No. 12-0147	Resolution thanking Ms. Carolyn Broussard of the Facilities/Custodial Services for 37 years of faithful service and offering best wishes for a long and fruitful retirement.
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John Martin, Airport Director said that Carolyn has been with the Airport for 37 years, beginning as a 2702 Janitress and rising to the level of Custodial Supervisor. She began working at SFO in a different era when our traffic level was half of what it is today. She's seen many changes, and as a Supervisor she has trained a lot of great custodians over the years. Carolyn was recognized for her work when she received the Custodian of the Year Award. She's done a great job with training and has always been viewed by her staff as a nurturing and supportive Supervisor. We thank Carolyn for her great years of service.

Commissioners Mazzola congratulated Ms. Broussard on her retirement.

Ms. Broussard said she appreciated working at the Airport for 37 years. It's been like my second home and it's going to take me awhile to adjust. I loved working here ... beautiful, beautiful. Thank you so very much.

2. Retirement Resolution for Ms. May Chun Ma

No. 12-0148 Resolution thanking Ms. May Chun Ma of the Facilities/ Custodial Services for over 30 years of faithful service and offering best wishes for a long and fruitful retirement.

Mr. Martin said Ms. May Chun Ma has worked for the City for 30 years, with 23 years at SFO. She was promoted to Custodial Assistant Supervisor in 1989, a position she held until her retirement on June 29. Most recently she provided orientation for new custodians. She works the day shift in Terminal 3 and has always been very dependable and relied on by staff. She is a problem solver and has a very positive attitude. We thank her for her great years of service.

Commissioner Mazzola congratulated Ms. Ma on her retirement.

3. Retirement Resolution for Mr. Chi Choi Ma

No. 12-0149 Resolution thanking Mr. Chi Choi Ma of the Facilities/ Custodial Services for over 29 years of faithful service and offering best wishes for a long and fruitful retirement.

Mr. Martin said Mr. Chi Choi Ma started working for SFO in 1983 and has 29 years of service. Working on the swing and night shifts, he was always willing to take on difficult tasks such as cleaning the Medical Clinic and Police facilities. A dedicated team player, he takes great pride in his work. I've seen you working in the terminal many times over the years and know you've always done a great job for the Airport and for the City. Thank you for your outstanding years of service.

Commissioner Mazzola congratulated Mr. Ma on his retirement.

4. Retirement Resolution for Ms. Susan Fung

No. 12-0150 Resolution thanking Ms. Susan Fung of the Facilities/ Custodial Services for over 20 years of faithful service and offering best wishes for a long and fruitful retirement.

Mr. Martin said is not here today. She is retiring after 20 years with SFO. She has always provided quality service to the Airport and it's passengers.

5. Retirement Resolution for Ms. Kil Ja Choi

No. 12-0151 Resolution thanking Ms. Kil Ja Choi of the Facilities/
Custodial Services for 26 years of faithful service and
offering best wishes for a long and fruitful retirement.

Mr. Martin said Ms. Kil Ja Choi has a sign interpreter. Kil Ja Choi started with the Airport in 1986. She has always been known for being willing to help her supervisors and co-workers. She has a very pleasant personality and is a team player. She worked both the night and swing shifts, and most recently in the International Terminal. We thank Kil Ja Choi for her outstanding years of service.

Commissioner Mazzola congratulated Ms. Choi on her retirement.

6. Retirement Resolution for Ms. Mimi Goh Wu

No. 12-0152 Resolution thanking Ms. Mimi Goh Wu of the
Facilities /Custodial Services for 23 years of faithful
service and offering best wishes for a long and
fruitful retirement.

Mr. Martin said Ms. Woo is not here. She is retiring after 23 years of service as a very responsible and dedicated worker. Most recently she worked the swing shift in the International Terminal.

Commissioner Mazzola congratulated Ms. Wu on her retirement.

7. Retirement Resolution for Ms. Yue Ling Leung

No. 12-0153 Resolution thanking Ms. Yue Ling Leung of the
Facilities/Custodial Services for 22 years of faithful
service and offering best wishes for a long and
fruitful retirement.

Mr. Martin said Yue Ling Leung is retiring after 22 years of service. She received recognition for her great work as Swing Shift Custodian of the Year in 2007. She is known for her meticulous work, particularly in cleaning restrooms. She was always willing to help her supervisors and co-workers. Ms. Leung was very consistent and reliable in the quality of her work. We thank her for her outstanding service.

Commissioner Mazzola congratulated Ms. Leung on her retirement.

8. Retirement Resolution - Ms. Lorraine Bockmier

No. 12-0154

Resolution thanking Ms. Lorraine Bockmier for over 18 years of faithful service with the City and County of San Francisco and offering best wishes for a long and fruitful retirement.

Mr. Martin said Lorraine is retiring after 18 years of service, most recently in the Security and Compliance Office as a Supervisor. Lorraine had a great career at SFO, starting as a secretary and becoming a Management Assistant, Airfield Safety Officer, and a start up position when we opened the Security Operations Center, moving up to a supervisory role. It's the kind of progression we love to see ... moving in different areas of the Airport. Lorraine worked for me personally about 15 years ago. I'm especially proud of Lorraine's success and thank her for her years of outstanding service to the Airport. Thank you Lorraine.

Commissioner Mazzola congratulated Ms. Bockmier on her retirement.

Ms. Bockmier said it was a privilege, especially as a second generation San Franciscan. I can't think of anything better than to work for the most beautiful and wonderful city on earth. Thank you.

Commissioner Mazzola said that he worried about the Airport being dirty now and all the stars leaving. Congratulations to all of you.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. POLICY:

Item No. 9 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

9. Amendment to the Worker Retention Policy Applicable to all Employees of Airport Contractors who Provide Services on a Regular, Ongoing and Continual Basis

No. 12-0155

Resolution approving an Amendment to the Worker Retention Policy applicable to all employees of Airport contractors who provide services on a regular, ongoing and continual basis.

Mr. Martin said this amends our Worker Retention Policy to cover any contract employees providing on-going services at the Airport. In particular, our existing policy omitted the Shuttle Bus contract. It was just an error in omission and this will effectively cover Shuttle Bus contract employees.

Commissioner Johns said that in one place it says "90-days" and in another place

"6 months." What is the policy for the retention?

Ms. Theresa Lee, Deputy Director, Administration and Technology, said it's 90 days.

Commissioner Johns said that somewhere she read it was six months.

Ms. Lee said we'll make that correction, but it's 90 days.

Commissioner Guggenhime said it's "after 90 days" ... is what it says here.

Commissioner Johns asked if they will simply be retained.

Mr. Martin replied they're guaranteed employment for 90 days and they can only be terminated if there is a performance issue.

Commissioner Crayton assumed that it is not in a provisional employment.

Mr. Martin said so it is not. They can't automatically let someone go; there has to be a performance problem.

Commissioner Crayton ... so they can continue as a City worker, after that?

Mr. Martin replied as a contract employee.

Mr. Martin added it's not, it's not to retain the expertise and knowledge base from the employee to, who's been there regardless of who the contractor is.

Commissioner Guggenhime said that Eleanor is correct. The bottom of the first paragraph said, "... upon the termination or end of the service provider contract, any person continuously employed as a service employee of the contractor or sub contractor for six months or more for 16 or more hours per week ..."

Mr. Martin said so they've of been working there.

Commissioner Johns said working there for six months. I think this is a great idea.

Commissioner Mazzola said we've had the policy a long time... it was just omitted.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 10 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

10. Modification No. 2 to Contract 8974B - Design-Build Services for the Terminal 3,

Boarding Area E Improvements Project - Hensel Phelps Construction Company - \$32,895,068

No. 12-0156

Resolution approving Modification No. 2, adding Trade Bid Package Set A and increasing the critical activities allowance to Contract 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, in the amount of \$32,895,068 for a new total contract amount of \$43,904,157.

Mr. Geoff Neumayr, Acting Deputy Director, Design and Construction said that this Item requests Commission approval to award Trade Bid Package Set A to Hensel Phelps in the amount of \$29,895,068 and to increase the allowance by \$3 million. This modification provides for award of the second Trade Package Set for Boarding Area E for the mechanical and plumbing, electrical and fire protection systems. All three of these Trade Bid Packages were bid in accordance with the Administrative Code. Staff has reviewed the bids and determined that they are responsive and appropriately reflect the agreed upon scope of work. The proposed bids for this Trade Package set were slightly over the Engineer's estimate by \$249,649, but were within the overall project budget. Each one of our Trade Packages is provided with a 10% bid contingency. With these three bids, we are still forecasting a cost of completion of \$88,994,154 and will achieve on budget performance with this project. For this modification, Hensel Phelps is committing to 22% participation for this trade package. To date, Hensel Phelps is achieving 19% participation against the goal of 14%. We are also requesting an increase to the original contract allowance of \$1,065,000 by \$3,000,000 for a revised total allowance of \$4,065,000. This increase will allow us to expedite more critical activities to keep the project on schedule. The project is moving extremely fast and this gives a little bit of flexibility to achieve that. Any work done with this allowance would be subject to the requirements of competitive bidding or 7.5% negotiated fee that we're allowed per the Design Build Ordinance. We also recommend an increase to the construction contingency to \$3,292,812, which is 7.5% of the current contract value.

Commissioner Crayton asked if the increase in the contract contingency meant that you would not return to the Commission.

Mr. Neumayr replied that this allows us to expedite a Type 1 change orders within the project, but we would bring that back to you.

Commissioner Crayton assumed it wouldn't go above what has been requested.

Mr. Neumayr replied that is correct.

Item Nos. 11 and 12 were called together, moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

11. Modification No. 1 to Contract No. 9024A - Design-Build Services for International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, and the International Terminal Baggage Handling System Improvements Project - Vanderlande Industries, Inc. - \$9,294,927

No. 12-0157

Resolution approving Modification No. 1 to Contract 9024A, International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, and the International Terminal Baggage Handling System Improvements Project with Vanderlande Industries, Inc., in an amount not to exceed \$9,294,927, for a new total not-to-exceed contract amount of \$73,638,927.

Mr. Neumayr said this item requests approval for a contract modification of \$9,294,927 for a new contract value of \$73,638,927. This modification provides revisions to the transfer bag belt line that runs between Boarding Areas E and F, incorporation of the original Boarding Area E Baggage Handling System Improvement work and adds new required ticket counter and curbside bag belt lines within Terminal 3. The original scope of the transfer line only provided an interconnection between Boarding areas E and F. This scope was based on an original airline gate plan in Boarding Area E which would accommodate United, Air Canada and USAir. This scope for the transfer line was estimated at \$5,000,000. As a result of United's much larger expansion into Boarding Area E, the required volume of bags has increased significantly requiring a much more complex system to process the increased number of bags. The previous Boarding Area E Baggage Handling System Improvements were to be provided separately under Contract 8974B. Because of the increased complexity of the transfer line, the original work to be done under separate contract has become integral with the work of the transfer line and the work can no longer be separated. Staff is now proposing to incorporate the original Boarding Area E work into the transfer line work under this contract. The original estimate for the Baggage Handling System Improvement work in Boarding Area E was estimated to be \$2,400,000.

The Terminal 3 program requires the relocation of one of its ticket counters and requires the replacement of both the curbside and ticket counter bag belt lines. The replaced baggage lines scope of work needs to be integrated and constructed at the same time as the transfer line. It was originally anticipated that this work would also be done under the Terminal 3 Checkpoint Improvement Project. Staff is proposing to incorporate this work under this contract to allow for proper coordination and integration of this work. This work is estimated to be \$2,300,000.

Due to the Federal funding component for this contract there are no HRC LBE goals. Staff will work with the Airport Small Business Affairs staff to develop a small business program for these services to engage the participation of local and small businesses.

12. Modification No. 2 to Contract No. 9024.9 - Professional Services Agreement for Construction Management Services for International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program and the International Terminal Baggage Handling System Improvements Project - CAGE, Inc. - \$780,800

No. 12-0158

Resolution authorizing Modification No. 2 to Contract No. 9024.9, Professional Services Agreement for Construction Management Services, for International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, and the International Terminal Baggage Handling System Improvements Project with CAGE, Inc., in an amount not to exceed \$780,800, for a new total contract not-to-exceed amount of \$6,189,714.

Mr. Neumayr said that CAGE has been hired as construction manager for the Checked Baggage Inspection System Modernization Program and the International Terminal Baggage Handling System Improvements Project. In order to incorporate this scope of work, we're asking for a modification of their contract in a not to exceed amount of \$780,800, for a new total not to exceed amount of \$6,189,714. This amount represents about 8.4% of the construction value of this work. These costs are not within our goal of 15% overall project "soft costs" but are within the project budget. The increased level of construction management services is a result of the need to provide 24 hour oversight to ensure sufficient control during construction due to the nature of the work and the requirement that portions of the construction needs to occur in off hours to minimize disrupting Airport operations. Due to the Federal funding component, there are no HRC LBE goals. The Airport encouraged proposers to utilize "best efforts" to subcontract at least 10% of the work to certified small and disadvantaged businesses. There were no specific DBE goals to subconsultant goals for this contract, but the Airport's overall 3-year DBE goal is 12%. Due to the specialized nature of these services, CAGE has been able to achieve 5.8% SDB and DBE sub-consultant participation.

Commissioner Guggenhime asked if we receive reimbursement for the TSA modifications.

Mr. Neumayr replied that we are reimbursed on TSA modifications. We will not be reimbursed for the transfer line and the pre-sortation as both are Airport expenses.

Item No. 13 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

13. Modification No. 1 to Contract 3590C - RSA South Field Drainage Improvement - Disney Construction, Inc. - \$870,000 with up to 75% Reimbursement by Airline Tenants

Resolution approving Modification No. 1 to Contract 3590C, RSA South Field Drainage Improvement, for additional work related to unforeseen conditions, and disposal of contaminated soil in the amount of \$870,000 for a new total contract amount not to exceed \$13,784,114. Up to 75% of the cost will be reimbursed by airline tenants.

Mr. Joe Birrer, Principal Engineer, Design and Construction said this item is a modification to Contract 3590C, the RSA South Field Drainage Improvement project. This is the first contract to be bid and awarded under the Airport's Runway Safety Area program. The scope was to realign the major drainage structures and utilities in the South Field and to install a new drainage containment basin, large wet well, and pump station. In the original contract we knew we would encounter some contaminated soil and when we awarded this contract, we included \$320,000 to address that. However, as we've moved through the project and began excavating in the canal and detention basin areas, we encountered Class 1 soil, which is soil with higher levels of contaminants that cannot be handled by the general contractor and must be disposed of by a certified hazardous waste contractor.

We tried to estimate the amount of Class 1 contaminated soil we will encounter and we asked Disney Construction to get three bids to dispose of the soil. With those bids we feel we will need an additional \$550,000, for a total of \$870,000, to dispose of the contaminated soil. One important point to note is that through the Airport's existing Environmental Cost Recovery Agreement, up to 75% of our cost to dispose of contaminated soil is reimbursable to the Airport. We are also requesting an increase to the Type 1 contingency amount by \$400,000, for a new total amount of \$1,368,500. As construction has progressed on this contract, we've encountered unforeseen field conditions that required us to expend our previously approved money. They include the discovery of unknown and abandoned utilities and structures, the excavation of thicker than expected pavement sections and the over-excavation in backfill of our 72 inch drainage pipe. To date, we've committed to spend approximately \$300,000 of approved Type 1 contingency money, and the contract is 25% complete. If we continue at a similar rate, we estimate we will be in the range of \$1.2 million at completion of this contract. The requested increase in the Type 1 authorization raises the contract modification amount to just under the 10% allowed in the Administrative Code. We feel with the approval of these two amounts we can complete this contract without having to return to the Commission.

Commissioner Crayton wondered if in the initial requisition we thought about the possibility that we might discover some of these items. It does seem probable.

Mr. Birrer said we did. The Airport has a pretty good handle on where we have contaminated soil and it's mapped out when we excavate. We have an idea where we're going to encounter it and what kind we're going to encounter. In all the years we've been documenting and mapping, I guess no one has ever taken a sample of what's in those open air drainage canals or the detention basin so,

when we got into that area it wasn't expected. The South Field area has also changed in numerous ways over the years and some of the structures and utilities we've encountered just weren't documented on our maps. That area used to be a tank farm with a number of pipes, containers and structures. It's hard to know everything that we'll encounter.

Commissioner Crayton asked if the amount is just the additional minus the 75% that's going to be reimbursed through the Federal government.

Mr. Birrer replied it's reimbursed through our existing Environmental Cost Recovery Agreement with airlines and airport tenants, not from the Federal government.

Item No. 14 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

14. Request for Qualifications and Request for Proposal for Contract No. 9242A Design-Build Services for Plot 2 Employee Parking Lot

No. 12-0160	Resolution authorizing the Airport to issue for a Request for Qualifications and a Request for Proposals for Contract No. 9242A, Design-Build Services for Plot 2 Employee Parking Lot.
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Mr. Neumayr said this modification authorizes staff to proceed with an RFQ/RFP for Design Build services for the Plot 2 Employee Parking Lot ... Plot 2 is the old Hilton lot. As a result of increased parking demand we are near or exceeding parking during peak travel periods. In order to address this issue on a near term, we need up to 800 additional parking stalls. What this contract will do is allow us to create a surface parking lot at the Hilton lot in a short period of time. Then we would move employee parking from the long term parking lot to this particular surface parking lot, freeing up an additional 800 spaces in long term parking. Our intent is to have this parking lot installed by the Thanksgiving travel season this year. This parking lot will not be automated initially, but will done through a hang tag check system. We will subsequently include automation of that parking lot to make sure that it works and is in conformance with the rest of the parking lots. We recommend that the Design Build contractor qualification be considered as part of the final selection as allowed under the provisions of Administrative Code Section 6.61E.

A four member panel will be convened to evaluate the pre-qualification statements, rank firms accordingly and validate that the proposers meet the required qualifications. Staff will rank firms based on the cost proposals only and will not consider qualifications in the scoring. Staff will finalize contract negotiations with the highest ranked proposer and return to the Commission with a recommendation to award a contract to the highest ranked design-build firm. The estimated project cost is \$2,700,000 and under \$10,000,000, therefore the cost proposals will be evaluated giving consideration to eligible HRC bonus rating for LBE participation at the prime level. The project will be funded from the

Airport's Five Year Capital Program. The overall duration of this contract is approximately six months for design, construction and project closeout.

Commissioner Johns asked where we are on the potential of building a hotel on that site. Would this parking lot be helpful, or would we have to dismantle it?

Mr. Martin replied that the hotel analysis continues and I'm a little more optimistic the numbers are going to work. We're probably still three to four years away from starting construction. We need parking now and will have to find another solution at that time. We're looking at a second parking garage next to the existing long term parking garage, and that looks like it's going to be our long term viable option.

Commissioner Johns asked if we couldn't do that now.

Mr. Martin said we couldn't. We're trying to get this up by Thanksgiving and a parking garage will take 2 ½ - 3 years to construct. The revenue that we realize from parking makes it a worthwhile investment.

Commissioner Crayton asked if one of our minority tenants have a parking lot that they rent out. Have we explored that possibility? What's his name? The African American gentlemen that has that parking lot?

Mr. Martin replied Bob Sims.

Commissioner Crayton said yes.

Mr. Martin said he has an off-Airport parking garage and is prohibited from operating an on-Airport facility because he's a competitor of ours. But we have in our recently awarded parking contract a DBE participation requirement. All of our parking facilities are under one master contract with New South Parking.

Item No. 15 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

15. Award of Contract No. 9190 - Comprehensive Analysis of the Terminal Signage and Wayfinding Program - Gresham, Smith and Partners - \$345,000

No. 12-0161	Resolution awarding Contract No. 9190 to Gresham, Smith and Partners to conduct a comprehensive analysis of the Terminal Signage and Wayfinding Program in the amount not to exceed \$345,000.
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Mr. Jeff Littlefield, Deputy Director, Operations and Security said this item seeks award of Professional Services Contract No. 9190 to Gresham, Smith and Partners (GSP) to conduct a comprehensive analysis of the Signage and Wayfinding Program in the terminals. This analysis will take approximately six months and will result in recommendations for measures to improve our existing Signage and Wayfinding program which was last written 2000. It will take into

account current industry best practices, customer employee feedback, and the physical layout of our terminals. We believe this professional analysis is necessary in order to maintain the highest level of convenience and customer service for the traveling public.

In December 2011, an RFP was issued seeking qualified and experienced contractors to conduct a comprehensive analysis of a Signage and Wayfinding program. Six proposals were received, all of which were deemed to be responsive. Based on the scoring criteria set forth in the RFP, GSP ranked highest among the proposers. One protest was received from Intro Communication and was determined to have no merit. Upon completion of the six month analysis we will review and determine implementation of recommended measures. The contract term will be three years. I respectfully ask the Commission award Contract 9190 to Gresham, Smith and Partners to conduct a comprehensive analysis of the Terminal Signage and Wayfind program at SFO in the amount not to exceed \$345,000.

Commissioner Johns hoped that it will be a very practical analysis and that it solicits views from people who actually come to the Airport from all areas... use the Airport, use the people mover, etc. I'm not a huge traveler but even though I know where I'm going, I think some of the signage could be improved. I don't know what the method will be, how they're going to reach out, whether they're going to advertise in the newspaper and ask for volunteers, etc., but I think it makes a big difference how they do their analysis. I just hope it will be creative and receive good feedback that will help us improve and keep people from making mistakes and complaining

Mr. Littlefield said that part of this analysis will include conducting employee focus groups as well as customer focus groups, or interviews with customers.

Commissioner Johns said how you get focus groups is important. Sometimes you need people who don't use the Airport often to really test whether those signs work.

Commissioner Crayton agreed with Commissioner Johns and hoped that we use various ethnic groups to explore language barriers. She asked why Intro submitted a protest regarding the selection of panel members. How were they selected?

Mr. Littlefield had a copy of the protest letter and said that it was forwarded to our contract administrative group and deemed to be of no merit.

Commissioner Crayton asked how the panel was selected.

Commissioner Mazzola said he didn't see the letter. Do you care to see the letter?

Mr. Martin said it's not unusual to receive a protest. The legal staff reviews protests

and provides a response. We had three staff members and two panelists from the outside which included an airline employee, airline manager an airport manager. There was no particular scoring variation between inside vs. outside panelists.

Commissioner Crayton assumed that the selection process was not any different from what we normally do.

Mr. Martin replied it was very similar. Sometimes we have a majority from inside, sometimes a majority from outside. We try and keep it very close.

Commissioner Crayton commented that it was unusual ... I didn't understand.

Mr. Martin said it's not that unusual for us to receive a protest. The attorneys do a review and provide an opinion.

Commissioner Johns asked if we have other contracts with Gresham, Smith.

Mr. Martin replied we do not. They have not done work for us in the past.

Item No. 16 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

16. Authorization to Accept Proposals for the Airport Advertising Lease

No. 12-0162	Resolution approving the revised lease specifications, minimum qualifications and proposal requirements, and authorize staff to accept proposals for the Airport Advertising Lease.
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Mr. Leo Fermin. Deputy Director, Business and Finance said the current advertising lease ends in March 2013. The competitive selection process began in January and this past May we conducted an informational conference and received comments and suggestions from interested parties. Upon approval of the revised lease terms and minimum qualifications we will seek proposals which will be due on September 5th. We will return for award of the new lease on October 16th and then seek Board of Supervisors approval. The new lease will be for an eight year term with no options. The current lease term was for five years plus one five year option under the Concessions Program post September 11th and three one year options.

Commissioner Johns noted that you're reducing it from \$3.75 million to \$1.75 million. That's a big difference. Was it based on comments from the meetings?

Mr. Fermin replied that it was. It's an appropriate amount given the minimum rent of \$7 million. We think the reduced bond amount we'll yield more competitive proposals.

Item No. 17 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

17. Authorize Pilot Project for an On-Airport Commission Employee Bicycle-Sharing System - Social Bicycles, inc. - \$69,478

No. 12-0163

Resolution authorizing a contract with Social Bicycles, Inc. to implement a two-year pilot project for a bicycle-sharing system for the use of Airport Commission employees on Airport in an amount not to exceed \$69,478, and supersedes Resolution No. 11-0198 which authorized issuance of a Request for Proposals.

Mr. Littlefield said in September 2011 the Commission approved Resolution No. 11-0198 authorizing staff to issue a RFP for a vendor to procure, install, and maintain a bicycle sharing system at SFO for use by Commission employees and to negotiate a contract with the highest ranked proposer. Staff researched bicycle sharing programs and found that currently no airport in the U.S. and perhaps the world has a formal bicycle sharing system, therefore, it was difficult to estimate and specify potential usage of such a system. Staff concluded that procurement through a pilot project under Administrative Code Section 21.5(e) would allow us to collect data on system use and gauge the optimal bicycle fleet size and number of bicycle stations required on a small scale. Staff proposes that instead of issuing a RFP at this time that we contract with Social Bicycles, Inc. (SoBi) to implement a bicycle sharing system pilot project. The SoBi system is unique among the three proposers that were interested as their system and technology do not require the purchase and installation of separate, expensive, proprietary bicycle docking stations, and is the major reason that the SoBi quote was significantly lower than the other two companies. Like the other bicycle sharing systems, the SoBi system will also offer users the ability to reserve a bicycle online or via cell phone application. SoBi provides the functionality SFO needs for the pilot program with the smallest investment in equipment installation and on-going operating cost. SoBi is a registered San Francisco vendor and is compliant with all City and County of San Francisco requirements. These bicycles will be for Airport Commission employees and will be limited to on-Airport use only. I recommend authorizing staff to contract with Social Bicycles, Inc. to implement a two-year pilot project for a bicycle sharing system for Airport Commission employee use in an amount not to exceed \$69,478.

Commissioner Johns understood that it's for employee use on-Airport so they wouldn't be commuting with them. Employees would be using the bicycles during work hours to get from one area of the Airport to another ...correct?

Mr. Martin said an employee arriving for work on BART might take a bicycle to get to their off-terminal work site, like the Waste Water Treatment Plant, or an employee working at Engineering might take a bicycle to a terminal building for a meeting.

Commissioner Johns asked what about accidents during work hours.

Mr. Martin said that during their commute time or during work, they're covered.

Commissioner Johns assumed it would increase our liability. Will they have a bike lane, or will they have to compete for a lane?

Mr. Martin replied we've added bike lanes on McDonnell Road, a primary road.

Commissioner Johns said she is not opposed to it, she was just curious about the little details.

* * *

H. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 18 through 21, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

18. Modification No. 1 to Contract No. 9048.9 - Construction Management Services for Terminal 3 Improvements Program - URS/ECS, A Joint Venture - \$2,163,000

No. 12-0164 Resolution approving Modification No. 1 to the Professional Services Agreement, Contract 9048.9, Construction Management Services for the Terminal 3 Improvements Program, with URS/ECS, A J.V., in an amount not to exceed \$2,163,000 for the second year of services, from August 2012 to August 2013.

19. Modification No. 2 (Adding Trade Bid Package Set 2A) to Contract No. 9015A Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - \$1,221,533

No. 12-0165 Resolution adding Trade Bid Package Set 2A to Contract No. 9015A, Design-Build Services for the Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Company in an amount of \$1,221,533 for a new total contract amount of \$11,553,937.

20. Award Sole Source Contract 9252 - Monitor Dynamics, Inc. Access Control System Software Upgrade and Maintenance Agreement - LDM Engineering, Inc. - \$330,000

No. 12-0166 Resolution awarding Sole Source Contract No. 9252, Monitor Dynamics, Inc. (MDI) Access Control System Software Upgrade and Maintenance Agreement to LDM Engineering, Inc. for a period of five (5) years effective July 17, 2012, in a total amount not to exceed \$330,000.

21. Amendment No. 1 to Cellular Service Equipment Site Leases with New Cingular Wireless, PCS, LLC, Sprint Nextel and GTE MobilNet and the Request of Retroactive Approval from the Board of Supervisors

No. 12-0167	Resolutions approving Amendment No. 1 to lease
No. 12-0168	agreements with New Cingular Wireless, PCS, LLC,
No. 12-0169	Sprint Nextel and GTE MobilNet for cellular service
No. 12-0170	equipment sites to extend the term for five years,
	increase the rent and request retroactive Board of
	Supervisors approval.

* * *

I. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

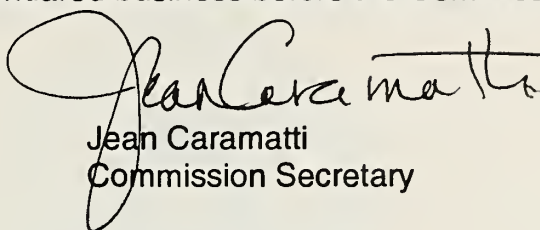
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

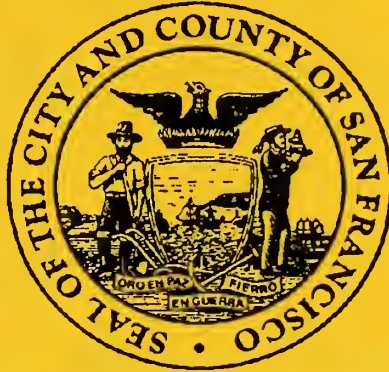
J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:45 AM.

A handwritten signature in black ink, reading "Jean Caramatti". The signature is fluid and cursive, with a large initial "J" and a horizontal line extending from the end of the name.

Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

August 7, 2012

9:00 A.M.

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
August 7, 2012

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SECTION	ITEM	TITLE	NUMBER	PAGE
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C.		ADOPTION OF MINUTES:		
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D.		ITEMS INITIATED BY COMMISSIONERS:		4
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Modification No. 3 to Contract 8974B - Design-Build Services for Terminal 3, B/A E Improvements Project - Hensel Phelps	12-0172	4-5
	2.	Modification No. 3 (Add Trade Bid Package Set 3A) to Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps	12-0173	5-6
	3.	Modification No. 3 (Add Trade Bid Package Set 3) to Contract 9078A - New Date Center - Transworld Construction	12-0174	6-7
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	4.	Award Trade Bid Package Set 2 (Modification No. 4) to Contract 8970 - CCTV Advanced Surveillance Program - Siemens Industry, Inc.	12-0175	7
	5.	Award Contract 9082 - Job Order Contract Implementation Services - The Gordian Group	12-0176	7-8
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	7.	RFQ to Establish Pool of Firms to Provide Bond Underwriting, Derivative Counterparty and Related Investment Banking Services	12-0178	8
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	9.	Award Contract 9129R to Ralph Andersen & Assoc. Award Contract 9260 to Bob Murray & Assoc.	12-0180 12-0181	9

As-needed Executive Search Firms Services

10.	Bid Call - Contract 8594 - B/A A 400 hertz System and Infrastructure Improvements	12-0182	9
11.	Modification No. 5 - Contract 8738 - General Aviation Security Services - Covenant Aviation Security		9
12.	Modification No. 2 to Contract 8854 - Veterinary Services for SFPD - Airport Bureau K-9 Unit - White Ivie Pet Hospital	12-0183	9
13.	Executive MOU with Oakland International Airport and Issue a RFP for Contract 9262 for Regional Air Passenger Ground Access Survey	12-0184 12-0186	10
14.	Approve Lease with the U.S. Government for Occupancy by the U.S. TSA	12-0185	10-11
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J.	ADJOURNMENT:		14

AIRPORT COMMISSION MEETING MINUTES

August 7, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of July 17, 2012 were adopted unanimously.

No. 12-0171

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Guggenhime.. The vote to approve was unanimous.

1. Modification No. 3 to Contract 8974B - Design-Build Services for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - \$9,969,607

No. 12-0172

Resolution approving Modification No. 3, adding Trade Bid Package Set D to Contract 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, in an amount of \$9,969,607 for a new total contract amount of \$53,873,764.

Mr. Ivar Satero, Deputy Director, Design and Construction said this item requests authorization to add Trade Bid Package Set D to Hensel Phelps in the amount of \$9,969,607, for a new total contract amount of \$53,873,764. This modification provides for award of the third set of trade bid packages, providing various site, foundation, concrete and steel scopes of work.

In accordance with the Administrative Code, the trade bid packages were competitively bid by the contractor to a minimum of three pre-qualified bidders. For Bid Package 6, Guard Services, Hensel Phelps took bids for the work, however, the determination is that the work falls under the 7.5% allowance for direct negotiated work as the work was not publicly advertised in accordance with HRC requirements. For bid Package 12, Miscellaneous Concrete and Construction support, this work will be performed on a time and materials basis and it will be a combination of subcontracted work. Hensel Phelps has identified four subcontracts that they will award for about 10% of this work, and Hensel Phelps will self perform the remaining amount of that particular bid package.

Two outliers in the bids in comparison to the Engineer's estimate occurred with the Structural Steel and Metal Decking scopes of work. The anomaly in the structural steel bid was basically a result of the more preliminary set of design documents that the estimate was prepared on that had not yet taken into account the optimization that occurs with structural steel designs, so the structural steel design became more efficient. The metal deck scope of work was also a matter of design development and all the penetration that had not been fully developed at the time the estimate was prepared, so the penetrations caused an upsizing in the structure of the deck. That's why you see more favorable bids on structural steel and less favorable bids on the metal deck. All in all though it is to our advantage in the total all of the bids.

We've reviewed the bids and determined that across all bid packages, the bids are responsive and reflect the appropriate scope of work. This total amount is within the Engineer's estimate and is approximately \$1.7 million under the Engineer's estimate, mainly driven by the structural steel optimization.

We are forecasting a cost at completion of this contract of \$87.6 million in comparison to the budget of \$90,000,000 and we continue to have those pockets of cost contingencies appropriate for this stage of the contract.

Hensel Phelps committed to 13% LBE subcontractor participation on this modification and they are achieving 16% LBE participation against HRC's 14% goal

Commissioner Johns asked about the guard services. Is that something we have in all contracts or just this one? I just don't remember it being mentioned in the past.

Mr. Satero replied it depends on the location of the project. This project is close to the AOA (Airfield Operations Area) so we're controlling access through guard services. The AOA is the secure side of the airfield. We had guard services for the Terminal 2 project as well. Projects that are away from the AOA don't need guard services.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

2. Modification No. 3 (Adding Trade Bid Package Set 3A) to Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - \$3,535,301

Resolution adding Trade Bid Package Set 3A to Contract No. 9015A, Design-Build Services for the Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Company in an amount of \$3,535,301 for a new total contract amount of \$15,039,440.

Mr. Satero said this modification provides for various scopes of work, including site work and utilities construction support for Terminal 2 systems safe-off and soil testing. To briefly describe the Terminal 2 systems safe-off, if you recall we didn't do a lot of improvement in that bay off Terminal 2 because we knew this was coming and we knew we had to do selective demolition at that end of Terminal 2, so there are systems and equipment that need to be safe off before we do the selective demo of that end of Terminal 2. You can see there's some scope related to the safing-off of electrical systems and communications. In accordance with our process, these trade bid packages were bid to a minimum of three pre-qualified bidders. Five of them were bid in this fashion. Hensel Phelps elected to directly negotiate four of the trade bid packages as part of that 7.5% allowance for direct negotiated work, as this work didn't get advertised in accordance with HRC requirements.

An outlier in the bids in comparison to the Engineer's estimate occurred with the Site Utilities, Phase 1 scope of work. The estimate was based on the 45% documents prepared by HNTB. Hensel Phelps developed the design to 90% prior to bidding. The estimate should have been updated to reflect the 90% level of detail in the bid documents, which likely would have resulted in a much closer estimate to the bid amount. That's why you see that bust in the Engineer's estimate versus the bids received ... it's because of the expanded scope related to further development of the design. We need to do more work in making sure we update the estimates prior to issuing the packages for bidding.

We continue to forecast on budget performance and also continue to maintain appropriate contingencies. The contract is Federally compliant. Hensel Phelps is encouraged to use best efforts for local/small/disadvantaged business participation and have committed to achieve 10.4% participation against our good faith of 10%.

Item No. 3 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

3. Modification No. 3 (Adding Trade Bid Package Set No. 3) to Contract 9078A - New Data Center - Transworld Construction, Inc. - \$2,216,260

Resolution adding Trade Bid Package Set No. 3 to Contract 9078A, New Data Center, with Transworld Construction, Inc., in the amount of \$2,216,260.

Mr. Satero said this modification provides for the addition of two scopes of work, the Fire Protection system and Data Communications. We followed our competitive bidding process. We reviewed the bids and determined that they reflect the

appropriate scope of work. This proposed award is within the overall budget for the work and is \$242,000 under the Engineer's estimate. There were no significant anomalies in the bids versus Engineer's estimate. We are forecasting the \$12.4 million cost of completion in comparison to the \$12.6 million budget and we continue to maintain appropriate cost contingencies for any future unforeseen conditions. Transworld committed to achieving 9.3% LBE subcontractor participation. To date they're achieving 46.7% participation against HRCs 24% goal.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Item No. 11 was removed from the Consent Calendar without discussion. The Consent Calendar, Item Nos. 4 through 10 and 12 through 14, was moved by Commissioner Guggenheimer and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Award Trade Bid Package Set No. 2 (Modification No. 4) to Contract 8970 - Closed Circuit Television (CCTV) Advanced Surveillance Program - Siemens Industry, Inc. - \$486,679

No. 12-0175

Resolution awarding Trade Bid Package Set No. 2 (Modification No. 4) in the amount of \$486,679 to Contract 8970, Closed Circuit Television Advanced Surveillance Program with Siemens Industry, Inc.

5. Award Contract 9082 - Job Order Contract Implementation Services - The Gordian Group - Not to exceed \$1,000,000

No. 12-0176

Resolution awarding Contract No. 9082, Job Order Contract Implementation Services to Gordian Group in an amount not to exceed \$1,000,000.

Commissioner Mazzola noted that there is a not-to-exceed \$1-million for the Gordian Group. What do they do for that money?

Mr. Satero replied that they do not receive any money up front. They only get 5% of value of the task orders that we award and that covers all of their up-front work as well as their assistance in administering the bidding process and helping us award the contract. So, it's 5% of \$20,000,000, if we decide to continue with this after we pass the pilot program phase.

Commissioner Mazzola asked if we're only approving \$2,000,000 worth of work now, why are we approving a \$1-million for them? If the \$1-million isn't going to happen until we approve Job Order Contracting again, why wouldn't we amend this to say 5% of the \$2,000,000.

Mr. Satero replied we could have done that, we just wanted to build in flexibility so if we return with a pilot program, we didn't have to keep modifying the Gordian contract. We could have done exactly what you're suggesting.

Commissioner Mazzola said in my opinion they're kind of hooked, right? You give a so called contract not-to-exceed \$1-million. When you approve again, why wouldn't we be able to talk to another consultant for the remainder of the \$2 million, or \$4 million, whatever we do?

Mr. Satero said they were the sole proposer on the services and the contract ... I believe it's for up to five years. We would have to go through a whole other process. Someone else would have to go through that effort to develop a new book if we decided not to use Gordian in the future. Really, there aren't any other service providers that we would go with, so we felt that the Gordian Group is our provider, depending on how long we decide to use JOC services. Gordian will provide those services and we built in what could possibly be the value at the end of the day.

Commissioner Mazzola said their original book is maybe 20 years old now. I'm sure they can prove to us that they upgraded that book to current prevailing wages or whatever they tell you is in that book, right?

Mr. Satero said yes. It has to reflect prevailing wage and it has to be commensurate with the work that's being done at the Airport. We have specific needs versus other agencies so there will be a long process of developing the book to make it fit SFO's requirements for these types of services.

6. Modification No. 25 to Contract 8997 - SFO Shuttle Bus Company, Inc. - \$2,000,000

No. 12-0177	Resolution approving Modification No. 25 to Contract 8997 with SFO Shuttle Bus Co., Inc. adjusting the basic hourly and incremental billing rates for the period January 1, 2012 thru November 30, 2012, and increasing the contract amount by \$2,000,000, for a new total contract amount not to exceed \$10,000,000
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7. Request for Qualifications to Establish a Pool of Firms to Provide Bond Underwriting, Derivative Counterparty and Related Investment Banking Services

No. 12-0178	Resolution authorizing issuance of RFQ to establish a pool of firms to provide Bond Underwriting, Derivative Counterparty and related services on an as-needed basis in connection with the Airport's Capital Financing and Debt Program.
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8. Request for Qualifications to Establish a Pool of Firms to Provide Liquidity and Credit Facilities to Support the Commission's Bonds and Commercial Paper Notes

No. 12-0179	Resolution authorizing issuance of a RFQ to establish a pool of firms to provide letters of credit and other types of liquidity and credit facilities for the Airport's Bonds and Commercial Paper Notes, on an as-needed basis.
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9. Award Contract 9129R to Ralph Andersen & Assoc. (\$250,000) and Contract 9260 to Bob Murray & Assoc. (\$250,000) - As-Needed Executive Search Firm Services
- No. 12-0180 Resolutions awarding Contract 9129R to Ralph
No. 12-0181 Anderson & Assoc. (\$250,000) and Contract 9260 to
Bob Murray & Assoc. (\$250,000) for As-Needed
Executive Search Services for hard-to-fill Executive
and Airport-specialized positions in a combined
contract amount not-to-exceed \$500,000 for a five-
year term.
10. Bid Call - Contract 8594 - Boarding Area A 400 Hertz System and Infrastructure Improvements
- No. 12-0182 Resolution approving the scope, budget, and
schedule for Contract No. 8594, Boarding Area A 400
Hertz System and Infrastructure Improvements, and
authorizing the Director to call for bids when ready.
11. Modification No. 5 to Contract 8738 - General Airport Security Services - Covenant Aviation Security, LLC - \$100,000
- Resolution approving Modification No. 5 to Contract
8738 with Covenant Aviation Security, LLC for
General Airport Security Services to retroactively
authorize payment of a management fee and to
increase the contract in an amount not to exceed
\$100,000 for a new total not to exceed contract
amount of \$4,490,000.
12. Modification No. 2 to Contract No. 8854 - Veterinary Services for the SFPD - Airport Bureau K9 Unit - White Ivie Pet Hospital - \$75,000
- No. 12-0183 Resolution approving Modification No. 2 to Contract
8854 exercising the second of two, one-year options
with White Ivie Pet Hospital for Veterinary Services
effective October 1, 2012 thru September 30, 2013,
in the amount of \$75,000 for a new total contract
amount not-to-exceed \$345,000.
13. Authorization to Execute a Memorandum of Understanding with Oakland International Airport and Issue a Request for Proposals for Contract No. 9262 for a Regional Air Passenger Ground Access Survey
- No. 12-0184 Resolutions authorizing execution of a Memorandum
No. 12-0186 of Understanding with Oakland Intern'l Airport, Issue

a Request for Proposals for Contract No. 9262 and negotiate with the highest ranked proposer for a Regional Air Passenger Ground Access Survey.

Commissioner Johns was curious what type of questions you're asking. Also, we're not spending money for Oakland, but it doesn't tell us what Oakland is putting into it.

Mr. Jeff Littlefield, Deputy Director, Operations and Security replied Oakland has budgeted \$100,000 and SFO \$150,000. Both of those amounts are for Fiscal Year 2013/14. San Francisco has \$35,000.

Commissioner Johns asked what we're trying to accomplish with this survey.

Mr. Littlefield said we're trying to gather information on local trips, origin locations, purpose of trips, methods of transportation to airports, use of parking and curb space, frequency of travel and other aspects of ground access.

Mr. John Martin, Airport Director said this is a regular survey that's been done periodically for 35 years. The data will tell us the percentage of people living in Alameda County and use SFO versus OAK and their mode of transportation. It helps us to identify ground transportation operators and the market. Over the years it also helped airlines identify market opportunities. When Southwest came to the Bay Area 20-25 years ago, this was their primary source of information and they decided to start a big operation in Oakland.

Commissioner Johns said I love these surveys, I just hope they give us practical advice.

Mr. Martin said when I started as a Financial Analyst at SFO 31 years ago, this was a fabulous source of information.

Commissioner Guggenhime said he would like to see airplanes be able to land in any one of the three airports ...Oakland, SFO, San Jose ... and have a fast enough way to get here. I got on an Alaska flight from Palm Springs to San Francisco, weather was bad, we landed in Oakland, they bused me to San Francisco. I'm hoping going forward that we can somehow work out a regional airport system.

14. Approve Lease with the U.S. Government for Occupancy by the U.S. Transportation Security Administration

No. 12-0185

Resolution approving Lease No. GS-09B-03014 with the U.S. Government, for space to be occupied by the TSA at the International Terminal and Terminal 2, and directing the Commission Secretary to forward the Lease to the Board of Supervisors for approval.

* * *

G. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may

address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. Lamoin Werlein-Jaen said I represent Unite Here Local 2, a hospitality based union in San Francisco and San Mateo County, and one of our units is 800+ workers in food service at SFO. I want to make a very brief statement to alert you to a brewing situation at SFO, and we have a few members that would also like to address the Commission. Thank you for this opportunity. Without further introductions we're here today to bring to your attention and to alert you to a potential problem at SFO which appears to be the intent of a new employer, a new sub-contractor for food service, to essentially fire the entire workforce at an outlet. The Red Carpet Room is currently managed by Sodexo. Thirty-two union members work at the Club (I have information on their background) many of whom have been there for a long time. Sodexo recently lost the concession to Gideon Toal. We feel strongly that there's every indication that Gideon intends to fire everyone. We believe this because as we reached out to the company to talk with them about the transition and what would happen with the workers, we were promptly told by a company rep, immediately within 30 seconds of a phone conversation, that they were a non-union company, that they set their own standards and that they had their own employment system for the workers there and that there really wasn't anything to talk to us about. Subsequent to that, all of the workers were brought into alleged interviews with the new company, which in our estimation were not interviews at all, but were, in fact, a screening process contrived by the company to weed out the workers, to figure out who was pro-union and to ultimately get the information they need to begin to fire them all. We say this because these individuals were called to interviews at a hotel north of the Airport and were interviewed in groups of three. They weren't asked to fill out an application, they were given a number to call but noone has answered that number, and they were all told that they would be talked to sometime in the future. So, it is our belief that those were not interviews, but in fact were screenings to get all the information they needed on people in order to terminate them at the end of the day and claim, perhaps, that they have in fact interviewed them. One last thing, in the upcoming weeks and months we do look forward to working with you and our elected officials to strengthen employment protections at the Airport because it seems to us it's through the ordinances that we're going to be able to strengthen protections for our members. Thank you.

Commissioner Guggenhime said that this is United/Continental Red Carpet Room and it's all the people working there, other than the United people who work behind the desk?

Mr. Werlein-Jaen replied yes.

Ms. Fedelina Pulido said good morning. I work at the Red Carpet Club for seven years. My husband also work at the Red Carpet Club. My job in the Red Carpet is my life. In the Philippines I had one job for 34 years as a school cashier and registrar and I can say that I am a loyal, hard working and very friendly person. I came to the United States in 2000 with my husband to live with my daughter, my son-in-law and to take care of my grandson. But we need to contribute to the family expenses and we need health benefits so, we look for a job. I'm very grateful and thankful that the Red Carpet Club hired my husband with health benefits because, after three years of working, he had four heart bypass surgery and because we have the health benefits, we, the insurance paid \$130,000. I'm very grateful that we have the health benefits. My job at the Red Carpet

is the first job that I got in the United States and I want it to be the last job I would ever have. If I lose my job and my husband, I am very sure we won't be able to find another one and we don't know what to do without the health benefits, with all the medication that you are taking today. So I want to work at the Red Carpet Club for three more years before I retire. Please help my husband and me keep our jobs. Thank you very much.

Ms. Carol Whitaker said good morning. I want to thank you for listening to us and giving us the opportunity to speak this morning. I've worked at the Airport for 29 years, most of that in the Red Carpet Club. As a single parent I came to the Airport because it was a Union job and it provided a living wage, job security, but most important it provided health benefits for me and my son. This has been the standard at SFO for decades and the United Club has always been a union club. It's a great place to work. We have built relationships with our customers over the years. They like us. We're rated Number One in the system but now with this merger with Continental, they've changed over and decided to get rid of Sodexo, which is more from the United side, and we're going to the Continental side. Gideon is a non-union vendor from Texas who intends to bring their right to work standards into the Red Carpet Club. They interviewed us and at the same time they had our jobs up on Craig's List. We have no notification from day to day, we have no idea, I have no idea up to today. I can go into work and they say you have all been replaced and you have no job. And they don't even have the decency to let us know what's going on. All of us, we're a known commodity. We provide excellent customer service, we show up, we do the job, we're grateful for it. There's no reason to replace it. It doesn't make sense to have to bring unknown people into a job that has utmost job satisfaction for everyone. We're asking for your help today to help us retain our jobs. It would really be devastating to us, economically, emotionally, and with our health benefits if we're no longer employed. Thank you for your time.

Mr. Dennis Santiago said I'm the new guy on the block. I've been at the United Club for 4½ years and I want to go on record to say I like my job, I really do. It's taken me almost 30 years in this industry to find a job like this and now with a new company Gideon, they want to take it away from me. Up until now the job has been very steady, very secure with reasonable pay and good benefits. You can't beat that. Every working American deserves that much, and they want to take it away. Gideon's bid was the lowest, and the only thing they provide is labor, they don't provide anything else. We get our supplies, materials from United. Gideon is just us, labor. In order for them to be profitable they got to cut their cost. We are their cost, union labor, and it's a calculated move because it's not like other industries where something goes upside down and they got to adjust. They came in low on purpose, they want to cut and I think it's immoral, it's unethical, it's really unconscionable, and it's just not right that they did take away from these people who've been here for years. I'm the new guy. These guys have been here years and they'll lose everything. The real cost to them ... if I live long enough I might get a little retirement ... but they've got a lot invested and they'll lose it all. These people want to work, they want a union job, they want a good job. They put into the system, politically, economically, whatever but they put into it. They'll be wards of the State and go on unemployment, social services, food stamps, whatever. In this economy nobody is prepared for the loser job. Most of these people aren't kids, they have kids. They want to work, and with the Commission's help, your influence, I'm hoping we can continue on and that Gideon will honor our existing contract and negotiate future contracts in good faith. Thank you.

Commissioner Mazzola said that we are aware of this problem. I just found out about it

this week and our Director has made a phone call already, trying to help you along.

Mr. Martin said I just advised United that they would be well advised to apply the Commissions Worker Retention Policy to Gideon, although legally, we, the Airport cannot apply it to Gideon. United could choose to apply it in their contract term.

Commissioner Mazzola said we're going to do everything we can to try to preserve it all, to help you. But thank you for bringing it again to our attention.

Commissioner Johns said that in our contracts with the airlines, they don't address any of these issues. That's what I was wondering.

Commissioner Mazzola said our contracts are just with the airlines ...

Mr. Martin said the Worker Retention Policy does not apply to airlines either because the National Railway Labor Act prevents our being able to put these kinds of standards on the airlines.

Commissioner Guggenhime asked if this change to Gideon is nationwide.

Mr. Werlein-Jaen said Gideon is aggressively bidding these kinds of outlets across the country. The Union perceives that there is a range of companies, Host among them, that have found it profitable in their business model to have an outgoing, strong and mutually beneficial relationship with the Union. Unfortunately, there are two or three companies, including Gideon, who are attempting to undercut that and are intending to convert what's been a unionized workforce across the country into a non-union workforce.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

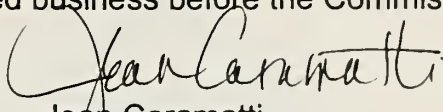
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:34 AM.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**August 28, 2012
Special Meeting
9:00 A.M.**

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PETER A. STERN

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
August 28, 2012

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AIRPORT COMMISSION SPECIAL MEETING MINUTES
August 28, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President arrived at 9:03 AM
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 7, 2012 were adopted unanimously.

No. 12-0187

* * *

D. DIRECTOR'S REPORT:

1. Report on Analysis of Airline Traffic

Report on Airline Traffic for Fiscal Year 2011/12.

Ms. Denise Martinez, Finance Director, said this was a record breaking year for SFO with 21.4 million enplanements, 8% higher than the prior year with about 1.6 million more enplanements. It also meant that we went 6% above our prior peak year in FY 1999/00. Total passengers, which is a metric we see most often in the media, reached 43 million. That was 5% above our previous peak of 41 million in 1999/00. With this growth we actually surpassed all other large hub gateway airports that we watched. Miami came closest to us with a large increase from American, but we surpassed all the other large gateway airports. Growth was primarily in the domestic sector with a lot of it due to United Airlines which grew by a million enplanements when they increased their SFO hub. Virgin America, our hometown airline, increased by almost half a million passengers in their first full year in Terminal 2, adding 11 flights.

Both Virgin and United added to International traffic. This sector was flat the first half of the year but picked up in the last half, increasing by 3.3%. Among the regions, Europe remained strong the entire year. Every carrier that had air service to Europe had increases in that region. Latin America, where we lost Mexicana due to bankruptcy and suspension of service, recovered fully during last year. Asia, during the second half of the year, had a 4.8% increase growth factor which

was far better than the first half of the year and better than what we'd seen in the prior year. As far as Bay Area traffic and passengers, Oakland was up slightly and San Jose was down slightly, which increased our market share to 70.5% in the Bay Area. The cargo sector declined slightly, not as much as we've seen in the past. If we look at the second half of the year, we actually had a slight increase. This is better than we've been doing, and because there were declines at both Oakland and San Jose we maintained our 42% market share.

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E. ITEMS INITIATED BY COMMISSIONERS:

There were items initiated by Commissioners.

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F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

2. Award Contract 8841R - Design, Install and Maintain an Integrated Solution for a Combined Ground Transportation & Taxi Management System - TransCore, LP - \$8,261,227

No. 12-0188

Resolution awarding Contract 8841R to TransCore, LP to Design, Build, and Maintain a Replacement Ground Transportation & Taxi Management System in an amount not-to-exceed \$8,261,227.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said this item requests award of Contract 8841R to TransCore, LP to design, build, and maintain a new replacement Ground Transportation Management System and Taxi Management System (GTM/TMS) at SFO. The Airport's current ground transportation management system is a combination of three desperate computer programs all of which are at the end of their operating lives and no longer supported by their manufacturers. The current system consists of the automated vehicle system (ADI), the Taxi Revenue System (TRS), and the Ground Transportation Information System (GTIS). These existing systems have become obsolete and the Airport has a limited supply of vehicle transponders remaining. These devices are mounted on all buses, taxis, shared-ride vehicles, charter buses, and crew vans. A failure of any of these systems would expose the Airport to significant revenue loss. Under this contract, TransCore would deliver a technologically advanced Ground Transportation and Taxi Management system that would accomplish the following: provide real time tracking of taxi and ground transportation operators on Airport property, seamlessly interface with other authorized City agencies, provide a solution to facilitate changing business processes and provide more reliable data and functionality than the existing systems. It is noteworthy that the new GTMS/TMS would replace the current 30-minute time base short for taxis with global positioning (GPS) technology

measuring a vehicle's actual location vs. time, which is much more accurate and discourages unsafe driving speeds to and from the Airport. We will work closely and cooperatively with represented cab drivers and their companies in the study and development of Geo Fencing zones to determine these boundaries.

In June 2011, the Commission authorized issuance of an RFP for a contractor to design, build, and maintain a replacement GTMS/TMS and enter into negotiations with the highest ranked proposer. Three proposals were received and deemed responsive by a five member panel. TransCore was ranked the highest scoring proposer. No protests were received. The 23-month project schedule will begin upon contract certification in an amount not to exceed \$8,261,227. Staff will return to the Commission to seek approval of a Memorandum of Understanding between SFO and the MTA to re-coop any cost associated with MTA's portion of the Taxi Management System's development.

Commissioner Johns asked if this will affect limousine service or companies like Super Shuttle.

Mr. Littlefield responded that it will affect those vehicles paying a trip fee and have transponders.

Commissioner Johns noted that it will help in terms of collecting money, but how is it going to help in terms of efficiency, i.e., getting folks who are waiting to go to the Richmond district instead of downtown. Will any of those things be built into this system or is it purely just money that we're aiming at.

Mr. Littlefield said there's a lot of technological advancements built into this system that will make for efficiencies and a safer operation.

Commissioner Johns said that's what she is trying to understand. When we were building the Muni system, the electric railway, the underground, we hired a firm to do a new system for us that had never been done before. Essentially, they were experimenting with us. I need to understand what this company is going to do for us. Have we thought it out? Is it going to encompass everything? Is there a time frame, and what will it do? How will it make us more efficient? Will this company be able to build it within the timeframe and then be able to maintain it?

Mr. Littlefield replied that TransCore has done similar work in Minneapolis that somewhat mirrors what we're putting into place at SFO and that helped gain some efficiencies and refine everything from business processes to how efficiently ground transportation serves the public.

Mr. Martin said it's not intended to help match passengers to a particular area.

Commissioner Johns asked if we've thought whether this system could help us with that. How will it work with limos?

Mr. Martin replied the transponders record every trip.

Commissioner Johns asked if the limos and taxis have to have a transponders.

What about the shuttles?

Mr. Martin replied all commercial licensed vehicles.

Commissioner Johns asked why the technology can't help get passengers to the right transportation if we're building a new system?

Mr. Martin said that really gets into the business operation of the providers. Each van company would have to tie into the system with their destinations. It would add a level of complication that I am not confident could be pulled off.

Commissioner Johns asked given the system we have now.

Mr. Martin said Super Shuttle, for instance, has their own system of matching people. There are systems that can do that matching. This system is not intended to that.

Commissioner Johns asked if it could eventually.

Mr. Martin replied I don't think this system is designed to match passengers.

Mr. Littlefield said he will get back to Commissioner Johns.

Mr. Martin it would be a wholly different system.

Commissioner Stern asked Mr. Littlefield to expand on the three to five problems that it will solve. I know there's some process improvement but what is the scope of the problems it's going to solve.

Mr. Littlefield replied that one of the biggest problems right now has to do with the short system and this certainly addresses that. The billing piece becomes more efficient and the accountability. We are confident that the end result will be a better product being offered to our customers awaiting ground transportation.

Mr. Martin said and the existing system is burnt out. The provider is no longer in business and we're running out of transponders. We're very eager to get this done to maintain our revenue flow because we risk the system breaking down.

Commissioner Johns asked what is the timeframe.

Mr. Martin and Mr. Littlefield replied it's a 23 month period.

Commissioner Johns said so it's almost two years until it's actually in use.

Mr. Martin said we'll get some temporary fixes from them.

Mr. Littlefield said in 14 months we'll get some limited use out of the system.

Mr. Mark Gruberg, United Taxi Workers, said he was glad to see this going forward. The old system is antiquated, unreliable, needs to be replaced. I learned

this was on the agenda over the weekend so I haven't had time to learn much about it except for what's in the materials. The materials say it will allow the Airport to partner with the MTA to develop a comprehensive solution to manage taxi fleets and drivers, and I'm wondering what that's about. It also speaks of partnering with the MTA, with input from the industry, to develop a program to replace the current short system with a GPS system, which was a major issue not long ago. From the way it's written, it sounds like that might be outside the scope of this particular contract, although from the remarks I just heard, it sounds like it was within the scope of the contract. We definitely need a new system. I hope this will do a better job than the old one. I'll be watching to see how this develops.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Modification No. 4 to Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - \$7,572,796

No. 12-0189	Resolution adding Trade Bid Package Set 3B and increasing the Critical Activities Allowance to Contract No. 9015A, Design-Build Services for the Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Company in an amount of \$7,572,796 for a new total contract amount of \$22,612,236.
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Mr. Ivar Satero, Deputy Director, Design and Construction said this item provides for the Pile Foundations scope of work for the Air Traffic Control Tower, recommends a \$3,000,000 increase to the critical activities allowance, and for the continuous bidding and authorization of work to support this aggressive schedule.

In accordance with the Administrative Code, the Pile trade package was bid to a minimum of three pre-qualified bidders. Hensel Phelps (HP) received two responsive bids, one from Foundations Constructors and one from Berkel. We also allowed in the bid solicitation that if a firm developed a different technology than the specs and provided the appropriate engineering analysis, we would review it and could make a determination that it was an acceptable substitution. In this case, Berkel substituted with Auger Pressure Grouted Piles and that is what resulted in significant savings below the Engineer's estimate of \$1.5 million.

We reviewed the bids and scope of work and determined that it is responsive to the requirements of the trade bid package.

The modification is within the overall budget for this work. With these bids we're forecasting a cost of completion of \$89.6 million which includes future contract growth as part of the program contingencies and allows us to achieve on budget performance.

This is a Federal compliant contract and therefore HP was encouraged to use best faith efforts of 10% for small and disadvantaged business participation, and they're committed to achieving 10.4% participation.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Award of Contract No. 9230.9 - Construction Management Support Services for Runway Safety Area (RSA) Program - Parsons Brinckerhoff - \$2,600,000

No. 12-0190

Resolution awarding Contract No. 9230.9, Construction Management Support Services for Runway Safety Area (RSA) Program, to Parsons Brinckerhoff in a not-to-exceed amount of \$2,600,000 for the first year of services.

Mr. Satero said that based on Commission authorization to issue an RFP, we went forward with the solicitation process for Construction Management Support Services for implementation of the RSA program. We recommend award to Parsons Brinckerhoff (PB) in the amount of \$2.6 million for the first year of services. This is based on the Selection Panel's review and scoring of the technical proposals, as well as interviews with the teams and their key personnel, which all resulted in PB receiving the highest score of the three short listed firms.

The PB team will work closely AECOM's team, who is providing program management support services, and will also support Airport staff with the more traditional construction management services, project scheduling, project controls and reporting, inspection, and budgeting. This awards the first year of services in a not-to-exceed amount of \$2.6 million. The total contract forecast is \$6.3 million, with a duration of four years. We will return to the Commission to award subsequent years of service after each year based on our review/satisfaction with the quality of services provided by PB.

We anticipate that this will be a combination of Federal and Airport funding, as are all the other RSA projects. PB has committed to 20% DBE participation in comparison to the best efforts goal of 10%.

* * *

G. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 5 through 12, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Modification No. 1 to Contract No. 8598 - Boarding Areas C & E Apron Reconstruction - Granite Rock Co., dba Pavex Construction Division - \$801,490

No. 12-0191

Resolution approving Modification No. 1 to Contract

6. Modification No. 1 to Contract No. 8613 - Taxiways C, F1, and S Reconstruction Granite Rock Company, dba Pavex Construction Division

No. 12-0192 Resolution approving Modification No. 1 to Contract No. 8613, Taxiways C, F1, and S Reconstruction, with Granite Rock Company, dba Pavex Construction Division to extend the contract duration by 120 calendar days, at no additional cost to the Airport.

7. Modification No. 5 to Contract No. 8738 - General Airport Security Services Covenant Aviation Security, LLC - \$100,000

No. 12-0193 Resolution approving Modification No. 5 to Contract 8738 with Covenant Aviation Security, LLC for General Airport Security Services to retroactively authorize payment of a management fee and to increase the contract in an amount not to exceed \$100,000 for a new total not to exceed contract amount of \$4,490,000.

Ms. Jamie Thompson, representing SEIU and the 1,000 Covenant screeners at SFO as well as security that does business with the City. For years SEIU has enjoyed an amicable, positive and productive working relationship with Covenant Aviation, not only at SFO but throughout the country. Unfortunately, earlier this year Covenant's administration changed and the relationship was reflected in negotiations for a new agreement. It suffered greatly and has resulted in an on-going labor dispute at SFO. The SFO screeners are some of the most dedicated, professional and conscientious workers I've had the pleasure of representing. They care deeply about the traveling public and the safety of us all. They welcome any and all additional training to maximize their abilities and their professionalism and provide an even safer airport than it is now. We strongly believe that a fairly compensated and well trained workforce benefits us all. We ask that you do anything in your power to urge Covenant to return to the bargaining table to reach an agreement that works for everyone.

Ms. Shelley Kessler, San Mateo Central Labor Council, representing 110 unions, many of them who work at the Airport. I want to reiterate something that Jamie said, and by the way, she just came off her honeymoon to do this and represent her workers so you should congratulate her. The reason we did the Quality Standards Program, for those of you who were around when that happened, was to help maintain a well trained workforce who really cares about the flying public, maintaining continuity at the Airport, and doing what they need to do to ensure safety, not for just for passengers, but for all the people who work there. So, after 9/11 when those folks, many of whom lost their jobs, a whole new group of people came and who are as dedicated and working very hard in order to ensure public safety. For those of you who ever stood in those lines, you know that we are

trying hard to do the work that we need to do. Many people are working overtime in order to be able to provide those services on the extended hours. With this particular contract that's being signed by you today with Covenant, what we would urge you to do is to make sure that they have enough staff available to do the jobs they're being asked to do with the competencies and the quality that they need to do it and that they also maintain the workforce and the relationships. It's unfortunate that the transition for the new leadership is not as inclined to have the relationship that the previous administration had with its employee group. None of us want high turnover, none of us want the additional training cost, none of us want interruption or any problems at the Airport. All of us are on the same page. What Jamie said, which is very important, is to whatever degree the Airport is willing or inclined to do to have Covenant maintain that good relationship, the good benefits, the good jobs. They've already eliminated pensions for these people. We're doing everything we can, we're hoping to get them back to the table so that they would have a decent contract as they've had in the past.

Commissioner Crayton asked what Ms. Kessler thought is creating the problem with the new leadership that they won't come to the table.

Ms. Kessler said I'm going to be forthcoming here ... I think the profit motivation is what's driving them because it's a privately held company and the more profit they make, they better their folks feel about it at the top level. Unfortunately, because they've already eliminated two of the job classifications that are the highest paid, those folks are now taking a \$7 per hour cut in their wages. Everyone wants a company to make a fair profit. We want people to be employed and that's one of the reasons they employ people is to make a profit. However, Covenant is going a little beyond the pale. I think the new leadership wants to show that they can provide the service at a cheaper cost and a higher profit margin and it's having an adverse affect on their workforce. It's stressing people out, they're working longer hours to make ends meet and you really want a workforce that's on their game.

Commissioner Crayton asked Ms. Kessler if she feels they're properly trained.

Ms. Kessler replied yes. Through the Airport's Quality Standards Program we insured that employees get the training they need in order to provide the service, but you need to have enough people. We certainly don't want long lines. They're trained to do the work and they're good at what they do. We just want them to be respected for the work they do.

Commissioner Mazzola asked Mr. Martin if it's possible to send a letter urging the types of things being requested.

Mr. Martin said he sent an email about two weeks ago, but can send another. This contract is at risk. Do we continue to use a private contractor or do we revert to using Federal employees. It may not be worth having private screeners if we have too many headaches.

Commissioner Stern asked when the contract comes up.

Mr. Martin replied I think it comes up this fall.

Commissioner Guggenhime said there are clear alternatives. Covenant or the TSA system. They either shape up or ...

Commissioner Mazzola said we will send another email and encourage them to get back to the bargaining table and ask them to be sure to do the right things.

8. Authorization to Accept Proposals for the Terminal 3 Common Use Club Lease

No. 12-0194

Resolution approving the minimum qualification requirements and revised lease specifications, and authorizing staff to accept proposals for the Terminal 3 Common Use Club Lease.

Mr. Graham Richards, Airport Lounge Development, said they're in the business of designing, developing, operating and marketing what is known as common use airport lounges and we currently operate four lounges. We have another two in the pipeline. We're interested in the prospect of operating a common use lounge at SFO's Terminal 3. We ask the Commission and Director to reexamine the RFP terms and make them more consistent with what is typically a concession based RFP. Rather than a fixed lease at a dollar amount per square foot, that it be based on a minimum annual guarantee and percentage rent which is fairly typical of what we've found over the past 12 to 18 months in places like Las Vegas, San Jose, Cincinnati, San Diego, Atlanta, Orlando. We ask that you look at making this a concession based RFP and that there be some flexibility with regard to the total square footage to be built out. We ran some numbers and find that 8,500 sq. ft. would be a large amount of space given the demand we've seen elsewhere.

Commissioner Stern asked for an example of a Common Use Club.

Mr. Richards replied the concept is really a shared capital cost concept in which airlines and airports are seeing different ways of using space. An airline may well have a dedicated space for itself, its passengers, its premium passengers at a location which is a hub such as United's lounge in Terminal 3. Elsewhere where they're finding that the capital cost and the complexities of operation aren't worth a dedicated space, they're looking at a common use or shared use lounge.

Commissioner Guggenhime asked what it would be called. There are common use lounges in London and other airports in Europe.

Mr. Richards said we would call it a Common Use Lounge. Our brand name would be Club at SFO.

Commissioner Guggenhime asked if you pay as you come in. Can you join?

Mr. Richards replied yes. You can be a member or you can pay a day pass. Typically what you see is various airlines who are contracted to share the space. We are a sister company to an organization called Collinson Travel Group that has 3 million members with access to lounges. It's a group of different customer types. You have access to a Common Use Lounge.

9. Award of Contract No. 9183R - Maintenance of the Airport's Water Perimeter Security Buoy System - Ballard Diving and Salvage - \$60,000

No. 12-0195

Resolution awarding Contract No. 9183R, for Maintenance of the Airport's Water Perimeter Security Buoy System to Ballard Diving and Salvage in the amount of \$60,000 (\$20,000 per year) for the term of three years with three one year options.

10. Authorization to Commence the Request for Proposals Process for the International Terminal G Electronics Kiosk Lease

No.12-0196

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an informational conference for the International Terminal G Electronics Kiosk Lease.

11. Modification No. 3 to Contract No. 8837 - Provide and Coordinate Drug and Alcohol Testing Services - Energetix Corporation - \$16,800

No. 12-0197

Resolution approving Modification No. 3 to Contract 8837 with Energetix Corporation to exercise the third option year as a third party Administrator to provide and coordinate drug and alcohol testing services in the amount of \$16,800 for a total contract amount not to exceed \$83,200.

* * *

H. PUBLIC HEARING:

The Public Hearing began at 9:35 AM and ended at 9:43 AM, there being no further public comment. Item No. 12 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

12. Hearing to Receive Comments on Proposed Amendments to Section 3.3(S) "General Conduct, Non-Discrimination" Policy of the Airport's Rules and Regulations to Include Disability Access and Cultural Sensitivity Training for Airport Tenant, Concession, Service Providers and Construction Contractor Employees

No. 12-0198

Hearing to receive comments on Proposed Amendments to Section 3.3(S) "General Conduct, Non-Discrimination Policy of the Airport's Rules and Regulations to Include Disability Access and Cultural Sensitivity Training for Airport Tenant, Concession, Service Providers and Construction Contractor

Mr. Littlefield said we are seeking Commission approval of the proposed amendment to the Airport's Rules and Regulations, Section 3.3(S), Non-Discrimination Workplace Diversity and Cultural Sensitivities Training Policy. The proposed amendment provides for the Airport Director to take appropriate corrective action with any tenant service provider, concessionaire, or construction contractor who is in violation of this policy which will now include, disabled access and/or cultural sensitivities training. While the current version of SFO's Rules and Regulations urges all tenant service providers, concessionaires and construction contractors to provide this type of training annually. The amendment allows the Director to require such training at his discretion. All diversity, disabled access and/or cultural sensitivities training sponsored or directed by the Airport would be supplemental and not a replacement to any training already required by local, state or federal laws. The proposed amendment would hold service companies accountable, not employees, to provide disabled access training and increase the level of customer service being provided to all members of the traveling public as well as those who work at SFO. The Airport has been working with local disability access agencies and will conduct train the trainer sessions with all companies that deliver disabled access services.

Commissioner Crayton questioned the wording "and/or".

Ms. Thompson, SEIU, said that previously our union enjoyed a great relationship with the disability community when many years ago we worked a policy which mandated that only one person pushed one passenger in a wheelchair. That was vital because we also represent the passenger service folks who were asked by their employer to save money and push two chairs at a time. Our union felt strongly about this. We ask that when companies start enforcing this policy that there's some type of monitoring to make sure they aren't simply told what to do. We hope they're trained. That's our concern. We definitely support the training.

Ms. Kessler has been working with Mr. McCoy and Mr. Littlefield on this issue and we applaud it being implemented. We've had complaints registered. Employees need adequate, culturally appropriate training in order for them to be able to fulfil the obligations of ADA compliance and to provide a good experience for the traveling public. We're on the front line having to deal with this and we're very pleased. Echoing what Jamie said about oversight for compliance is a good thing and to make sure companies are taking responsibility for the training. A lot of companies aren't giving their employees the tools to do it appropriately. No one wants a member of the traveling public to have a bad experience, especially if they're trying to take care of someone who has sight disabilities, walking disabilities, or whatever. We're very pleased about this. We're glad you're doing it and we want to thank you and thank the staff who's been with us on this issue.

Commissioner Mazzola said that we have no further public comment.

Commissioner Crayton felt the "and/or" in Item 4 should be eliminated because they need to have cultural sensitivity training. As I read the change it is "to provide diversity, disability access and/or cultural sensitivity." I don't think they get a

choice. It's going to be an important piece of the training for them.

Mr. Martin asked if we drop the word "or" does that take care of it? Is that okay with staff? We'll just to drop the word "or."

* * *

I. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:43 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

September 18, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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September 18, 2012

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AIRPORT COMMISSION MEETING MINUTES
September 18, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:05 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Peter A. Stern

Absent: Hon. Linda S. Crayton, Vice President
Hon. Richard J. Guggenhime

* * *

C. ADOPTION OF MINUTES:

No. 12-0199 Minutes of the special meeting of August 28, 2012
were adopted unanimously.

* * *

D. DIRECTOR'S REPORTS:

1. Performance of Airport Concessions in Fiscal Year 2011/2012

Report on the performance of Airport Concessions
during Fiscal Year 2011/2012.

Ms. Cheryl Nashir, Associate Deputy Director, Revenue Development and Management said the statistics are a comparison of fiscal year over fiscal year and relate to the primary concession categories of retail, food/beverage, duty free, and rental cars. FY2011/12, which ended June 30 was another positive year, growing both sales and concession revenue. For the primary categories that we benchmarked, sales were up 14.4% and revenue grew by 9%. The 8% passenger growth is a primary contributor but we fortunately continue to outpace that growth in sales, meaning that the public is responding positively to our concessions offering. Food/beverage sales grew by 16%, retail 13%, rental cars 13.5%, and duty free 17%. Duty free is possibly the biggest success story as international passenger traffic was up just 3%. That's an indicator of the strength of the product offering, in particular they share with us the strength or the appetite of the Chinese traveler for duty free spending. The good news about the rental cars is that they are growing sales not by rate increases, but by capturing more business.

The annual service payment to the City was \$34,000,000, which includes our parking operation. The concession program was the recipient of six awards earlier this Spring from Airport Revenue News, an industry magazine and an industry group that has an annual conference that's very important to us. SFO continues

to place third in the U.S. for passenger spending, behind JFK and Miami. This is not acceptable. We will keep striving to be in 1st place. However, these airports each have 50% international traffic to our 25%, and the international traveler spends more money at airports.

Looking ahead this year, we have 28 stores under construction or in renovation. New names coming to SFO are Hermes, we'll have a second Burberry Boutique, a second Gucci store. We're adding another Starbucks, Fraiche, which is a Bay Area artisan yogurt maker, Three Twins, which is a Bay Area artisanal ice cream maker, 100% Pure, a Bay Area makeup and body care manufacturer, to name a few. Additionally, we'll be leading 11 tenants through design as they prepare for their stores in Boarding Area E. We've got a busy year ahead.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Stern and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Award Contract 9239 to San Francisco Travel Association, and Contract 9270 to Hill & Knowlton Strategies - To Provide International Strategic Marketing Services for Varied Scopes of Work in Key Overseas Locations - \$1,100,000 per year

No. 12-0200

No. 12-0201

Resolution awarding Contract 9239 to the San Francisco Travel Association and Contract 9270 to Hill & Knowlton strategies for a combined total not to exceed \$1,100,000 per year to provide International Strategic Marketing Services for varied scopes of work in key overseas for a period of three years with two one-year options to extend the contract at the sole discretion of the Commission.

Ms. Kandace Bender, Deputy Director, Communications & Marketing said in June the Commission established a pool of international marketing firms to assist us in our promotional efforts overseas. The pool consisted of: San Francisco Travel Association (SFTA), Hill+Knowlton (HK), and Burson Marsteller. We negotiated individual contracts with two of the firms for international strategic marketing services. Both contracts are for three years with two, one-year options to renew. The first contract is with SFTA for an amount not to exceed \$900,000 per year. Under the previous three year contract/partnership with the SFTA which expired in June, we opened 13 marketing offices in 12 different countries, two in China, to further promote SFO and assist with new international service recruitment. We were pleased with the success generated by these marketing partnerships. Part of this contract will include establishing a new marketing office in Copenhagen to assist with marketing support for our new SAS flight which begins in April 2013.

We will continue with the new marketing campaigns and air service promotions in the other 12 international markets.

The second contract is with Hill+Knowlton for an amount not to exceed \$200,000 per year. This contract calls for them to perform services this year in Australia and New Zealand in support of our carriers to those countries. H+K has partnered with Lucca Global, a certified San Francisco LBE, for these efforts.

Item No. 3 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Award Contract 8879A - Central Garage Carbon Monoxide Monitoring System Replacement - LC General Engineering & Construction, Inc. - \$983,030

No. 12-0202	Resolution awarding Contract No. 8879A, Central Garage Carbon Monoxide Monitoring System Replacement, to LC General Engineering & Construction, Inc., in the amount of \$983,030.
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Mr. Ivar Satero, Deputy Director, Design & Construction said this item awards the first phase of the Central Garage Carbon Monoxide Monitoring System Replacement project. The system purges accumulated carbon monoxide in the central garage between the floors. It's a series of controls and sensors that turn on fans and purge the accumulated CO from the garage. It's an old system well at the end of its useful life and needing replacement. We recommend approving this contract for the first phase of the work which is essentially the controls system.

Six bids were received with fairly competitive pricing. The three low bids are within 11% of the Engineer's estimate, and the low bid is within 2% of that estimate. There is a broader disparity between the low and high bids. What we're seeing in the industry is as work picks up and there are more opportunities, firms are coming in with higher bids because they're not as hungry. We're still seeing firms that are hungry so we're seeing this wider spread between low and high, but we're still getting half of the firms in a very competitive low range. LC has committed to achieving 82% LBE subcontractor participation compared to the 15% goal.

Commissioner Johns asked if we've used LC before.

Mr. Satero replied that they've done several small projects successfully for us.

Commissioner Mazzola asked if LC will pick their own subs.

Mr. Satero said that's correct Commissioner. This is a lump sum contract award with four subs in this contract.

Commissioner Mazzola asked how we know these are legitimate subs. Are they qualified to do the work? It's busy out there and everyone has become a subcontractor. There are folks working out of the trunks of their cars claiming to be contractors. How do we know they are legitimate subs?

Mr. Satero said we leave it up to the prime to make that determination. Two of the subs are LBEs and they're certified to be in the HRC program. I'm aware of three of the subs that have worked at the Airport before, but we don't go through a process of determining whether each sub is capable or experienced.

Commissioner Mazzola asked if the contractor is responsible if the sub can't do the work. You end up with a lousy job.

Mr. Satero replied that's right. And there's the disruption.

Commissioner Johns said that these are the four subcontractors that LC says they're going to use ... correct?

Mr. Satero replied correct.

Commissioner Johns asked Mr. Satero how many he's worked with.

Mr. Satero replied that Security Electric, Yums and HSQ have worked at SFO.

Commissioner Mazzola said that if four Commissioners were present he would vote no.

Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Authorization to Issue a Request for Qualifications/Proposal for Professional Services for Contract 9185.9 - Terminal 1/Boarding Area B Redevelopment Program Management Support Services

No. 12-0203	Resolution authorizing the Director to issue a Request for Qualifications/Proposal for professional services for Contract 9185.9, Terminal 1/Boarding Area B Redevelopment Program Management Support Services.
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Mr. Satero said this item supports the program management team for the Terminal 1 Redevelopment Program. We are currently in the planning phase for Terminal 1. It's a significant program for the Airport over the next 10 years, essentially the whole south side of the Terminal complex, with elements consisting of replacing Boarding Area B, providing major renovation to Terminal 1 to a similar degree that we did Terminal 2, renovation of Boarding Area C for a systems and architectural refresh and then the development of the secured connectors between the International Terminal Boarding Area A and Terminal 1/Boarding Areas B and C, and completing the connection to Terminal 2. This is driven by the need to replace Boarding Area B. Terminal 1 and the Boarding Area are 50 years old and beyond the end of their useful life. In fact, the boarding area was constructed as a temporary boarding area without pile supports and has settled up to four feet over the years, putting the facility at risk and causing a significant increase in upkeep and maintenance. The entire Terminal 1 facility is also well beyond it's ability to

adequately handle passenger loads, which is causing major congestion in the lobby area, at the checkpoints and in the boarding areas at peak periods. It's also outdated to an extent that it doesn't support modern automated check-in activities, and can't accommodate the more modern aircraft fleet types. The challenges will be significant, and made more significant by the Airport's high passenger growth rate over the past two years and United's recent expansion into Boarding Area B. This success will put significant pressure on the program team to proceed in an expeditious but highly thoughtful and rigorous manner. We're proposing to proceed with this contract in order to provide for the appropriate level of program support in the early stages of planning, as well as throughout the duration of the program to ensure its success.

The Project Manager is Reuben Halili, an Airport employee. Mr. Halili has a long track record of success at SFO. He began his career as a Mechanical Engineer in the early 90s, transitioning to project management and becoming a key member of the Project Management team for the International Terminal and Boarding Areas, and most recently in his role as part of the Terminal 2 team. He is very capable and able to be the lead on this program. This contract will provide for program level support with a focus on developing a complete and comprehensive strategy and plan to deliver the work in a coordinated and methodical manner, all within the framework of SFO's highly collaborative environment and partnering approach that is key for an exceptional project outcome. The key areas of focus for the program team will include terminal program planning and phasing, program level schedule/cost controls, contracts preparation, contract and field coordination, industry outreach/workshops, and other administrative support functions and operations.

This is the first contract of what we anticipate to be up to 30 contracts through the life of the program. We're preparing a contracting plan to provide as much opportunity for local and small business engagement in this important program, similar to the Airport's Master Plan Expansion program of the 1990s and early 2000s. The contract opportunities will include construction management, design services, design build services, and straight construction. The total estimated cost of these services over the life of the contract is \$30,000,000. We anticipate a 10 year contract duration. The program will be funded from the Airport's Capital Improvement Program. This RFP process will follow all Airport procurement procedures and minimum qualifications will be established as appropriate for the level of complexity and size of this program. A Selection Panel will be convened to review proposals, conduct interviews, and score the team. We will return to the Commission with a recommendation to award to the highest rank team.

Commissioner Johns asked if there will be benchmarks along the way and you will come back to us for further approval. How will this work?

Mr. Satero said we will return for annual renewals of this contract, similar to our other construction management type contracts, so every year we'll have an opportunity to talk about the quality of the work, the success of the project, and the particular success at supporting our staff. You will also be updated on the cost.

Commissioner Johns asked what happens if after the first year you're not happy.

Mr. Satero replied that if we're unhappy and we've made a number of attempts to rectify the problem, we may ask for a new solicitation if it's that disruptive.

Commissioner Johns said that's my point ... is that in their contact?

Mr. Satero replied yes there is the ability to discontinue service and re-solicit.

Commissioner Stern said that you noted 30 subsequent contracts as well. Can you expand on that?

Mr. Satero replied that we're working on the total contract strategy for the program and we're looking at opportunities to break out pieces of the program, as we did with the Master Plan where we had small, medium, and large contracts. We're looking at it from a footprint standpoint and what we can do as a stand alone project under a separate team. For instance, the secured connector is a nice piece of work (\$20,000,000) and can be led by a Project Manager, a separate construction management team, a design team, and then either design-build or a construction contract. We're looking for these pieces across the total program to engage as many firms as possible. The 30 contracts are a combination of all of these types of services that we'll require.

Commissioner Mazzola asked if this eliminates general contractors in some way.

Mr. Satero replied no. The general contractors will have two opportunities ... in the design-build opportunity, we'll get the usual GCs that we got on our recent project, like we did on Terminal 2, Boarding Area E and the Tower. There will also still be lump sum bid contracts as well so we'll have hard bids that tailor to a specific type of contractor, mainly for civil work, a lot of the flat work out on the apron, etc.

Commissioner Mazzola said that again, the work may not be controlled by the general contractor, it maybe controlled by the Design-Build person, is that correct?

Mr. Satero said that in our experience the design build teams are led by the GC. We have not had a design build team that had a joint venture. I've heard of JV's between a design lead and a contractor lead but the work is almost always led by the general contractor, like Turner, like Web Core, McCarthy, Hunt, Clark, Hensel Phelps, those are the folks that will be the primes, GC's.

Commissioner Mazzola said it sounds like there's a possibility of not having a general contractor and then I don't know who oversees the job. We have to appoint somebody to be a walking steward for lack of another word.

Mr. Satero said we will assure that every team is led by a general contractor. We can require that in the licensing.

Commissioner Johns said \$30,000,000 for this particular redevelopment program management, what's our total budget for Terminal 1?

Mr. Satero replied it's in the neighborhood of \$1.7 billion for the total program cost, \$1.7 - \$2 billion ... right in that range.

Commissioner Johns said I think this is going to be one of the more complicated

projects. I think the program management and their ability to foresee and coordinate work into their designs suggests it's going to be vital.

Mr. Satero replied it certainly is. This is a huge contract for us. It's a big deal.

Commissioner Johns commented it's nice to hear we're getting started.

Item No. 5 was removed from the calendar without discussion.

5. Authorization to Negotiate the Contract Terms for Contract No. 9249, On-Call Environmental Remediation Services, Phase VI

Resolution authorizing the Staff to negotiate the scope, budget, and schedule for Contract 9249, On-Call Environmental Remediation Services, Phase VI, with a responsive contractor.

Item No. 6 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

6. Retail Lease Agreements Amendments Related to Temporary Closure of Terminal 3, Boarding Area E:

- Pacific Gateway Concession (PGC) - B/A E Candy Kiosks Lease No. 08-0016
- Marilla Chocolate Company - Terminal 3 Specialty Store Lease B No. 04-0167
- Xpresspa Spa San Francisco - Airport Spa Lease No. 06-0242
- ILJ San Francisco, LLC - Electronics and Technology Products & Accessories Lease No. 07-0108

No. 12-0204	Resolutions approving:
No. 12-0205	Amendment No. 2 to Boarding Area E Candy Kiosk Lease 08-0016 - Pacific Gateway Concessions, LLC;
No. 12-0206	Amendment No. 2 to Terminal 3 Specialty Store Lease B No. 04-0167 with Marilla Chocolate Co.;
No. 12-0207	Amendment No. 2 to Airport Spa Lease No. 06-0242 with Xpresspa San Francisco, LLC ("Xpresspa"); and
	Amendment No. 3 to Technology Store & Accessories Lease No. 07-0108 with ILJ San Francisco, LLC, offering replacement premises, reimbursement for unamortized construction investments and new commencement dates, and directs the Commission Secretary to seek Board of Supervisors approval.

Ms. Nashir said this item seeks authorization for lease amendments to four retail leases located on or near Boarding Area E, and is in response to the 2 ½ year closure of that Boarding Area. The tenants for which we are seeking these amendments operate as Airport Wireless, Marilla, Xpresspa, and Ghirardelli. Boarding Area E closed for renovation after Terminal 2 opened in April of 2011 and American Airlines moved to Terminal 2. This necessitated the total closure of Ghirardelli and Airport Wireless and removed about 40%-80% of the passenger

base from Marilla and Xpresspa who were located right outside the Boarding Area but depended upon that passenger traffic for their business. These two locations as well will need to close in the next 16 months to make way for our renovation.

A year ago you approved Amendment No. 1 to these four leases which suspended some of the fees in the leases that turned off the minimum annual guarantee. It put the leases in a state of suspension while we awaited a schedule on Boarding Area E to ascertain the affect of the closure on the businesses. For many months prior to approving Amendment No. 1 we were in discussions with these four tenants about how to treat what was originally envisioned to be a 12-15 month closure. At the time we knew that Ghirardelli and Airport Wireless would have to close entirely and the other two would lose much of their sales. We discussed with them a four year lease extension. We obtained a consultant study with a recommendation of what would be fair financially ... what would be enough time to allow them to recover their losses during the 12-15 month closure. We indicated to them that we would seek this extension but the scope of the project and the schedule began to change dramatically, so we're back today.

All four tenants will need to completely demolish their stores. We originally thought they would just board them up and reopen them when E reopened. Now, the business deal that we seek authorization for is to buyout the unamortized construction cost from their original premises. To provide them with replacement premises on Boarding Area E and to start their base 5 year term when E reopens in November of 2013. They will be required to build a new store on Boarding Area E to the same level of design sophistication as Terminal 2. A few nuances that you should be aware of is the same deal was offered to and approved by you and the Board of Supervisors to the food & beverage tenants who were in the same boat as these retail tenants earlier this year. Two of the four retail operators that we're talking about this morning have multiple locations under their leases. When we start this term over and the 5 year term commences when Boarding Area E reopens, it's for their entire lease. It's not just for what they've built, but for their other locations as well. We decided on this because when we RFPd these leases and when these tenants signed the leases, there was an expectation that they would have a certain economy of scale. We typically marry good locations and leases with not so good. We consider these to be a single business deal.

Commissioner Johns asked how tenants in other locations feel about the break they're getting. I see the equalization of it, but did we look at their monthly sales?

Ms. Nashir replied yes. We hired LeighFisher Consultants to run through the numbers. The deals were all different ... there was a restaurant, a spa and retail in one location. It was very difficult to know how to treat them. We wanted to treat everyone similarly. They determined that a four year extension was equitable and the other tenants have not complained about it. It's a great deal, or we think it's a fair deal. They have to build a new store, which is quite expensive. They built five years ago and costs have gone up since then. It's a little good news/bad news.

Commissioner Johns commented they're not complaining about it.

Ms. Nashir said they are not.

Item No. 7 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

7. Airport Grant to the United Service Organization, Inc. ("USO")

No. 12-0208 Resolution approving a grant up to \$35,000 each Fiscal Year to the USO to keep it open 24 hours, 7 days a week.

Mr. Leo Fermin, Deputy Director, Business & Finance said that the USO is located in the Terminal 1 Mezzanine and has been opened for military personnel 7 days a week, 24 hours a day. For the most part, volunteers staff the Center but paid staff are used to keep the Center open between 11p.m. and 7a.m. Recently, the USO informed us that they would have to close between 11p.m. and 7a.m. due to a lack of funding. Since the USO is such an important service to our military personnel, we recommend your approval to make an annual grant to the USO of up to \$35,000 for the next 5 years in order to keep the Center open around the clock.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 12, was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

8. Approve FAA Lease No. DTFAWN-12-L-00215 for the Installation, Operation and Maintenance of Certain Airport Surface Surveillance Capability Equipment at West Field Parking Garage and Rotating Beacon Tower Located Adjacent to Plot 20

No. 12-0209 Resolution approving FAA Lease No. DTFAWN-12-L-00215 to install, operate and maintain certain Airport Surface Surveillance Capability Equipment.

9. Approve Lease with the United States of America for Land Occupied by the United States Coast Guard

No. 12-0210 Resolution approving Lease No. HSCG89-12-I-0083 with the United States of America for Land at Plot 42 to be occupied by the United States Coast Guard for Employee Parking.

10. Commence Request for Proposals Process for the Cellular Rental Kiosk Lease

No. 12-0211 Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an informational conference for the Cellular Rental Kiosk Lease.

11. Commence Request for Proposals Process for the Security Checkpoint Mail Service Lease

No. 12-0212

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an informational conference for the Security Checkpoint Mail Service Lease.

12. Grant Funding for Transportation Planning Interns

No. 12-0213

Resolution correcting a typographical error in Resolution No. 12-0079 adopted by the Airport Commission on April 3, 2012 in the amount of \$44,000, from the California Department of Transportation to provide intern positions for graduate or advanced undergraduate Airport Transportation Planning students in calendar years 2013 and 2014, by replacing the words "Airport staff" with "Airport Director" in the Resolution.

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. Mike Bolles, President, Covenant Aviation Security, said they are under contract with the TSA to provide screening services at SFO. As you also are probably aware right now, we have a bit of a labor issue with the SEIU. I signed a letter to each of you last Thursday explaining our position. Hopefully you received it and you've had a chance to review it. Today I just want to introduce myself so you can put a face with the name, and make a few short comments.

Our screening contract with the TSA at SFO is a labor based service contract and the simple fact on these types of contracts is that as wages and benefits go up, the number of available hours we can deploy go down. Costs and hours are inversely and directly related. Right now we're deploying over 2.1 million screening hours at SFO each year. That number will increase in the remaining years of our contract with the TSA. This summer, we saw how even the slightest variations in screening hours can have an immediate and adverse impact on wait times. We recognize the crucial national security role that our screeners play. That's why our offer to the SEIU is designed to provide wages and benefits that exceed the TSA's requirements for the contractor at SFO and exceed the wages and benefits that are provided by all of the other private screening companies coast to coast. At the same time, our offer was designed to ensure that we can deploy the requisite number of hours that we need to to protect the flying public and to successfully manage wait times at San Francisco. I'm available to discuss our position and answer any questions with the Commission at any time that's convenient for you.

Ms. Jamie Thompson, SEIU, representing the screeners at SFO. Last time we were here we spoke to the status of negotiations and I'm here to give you an update. Last week the screeners rejected by a margin of over 99%, with the biggest turnout that we've ever seen, the offer to which Mr. Bolles was referring. We had a vast majority of eligible voters come in in a way that we had never seen before. The screeners are very upset with what is happening and feel demoralized ... I think would be one way to put it. I've never seen so much disappointment and dissatisfaction ever in my nine years of doing this. And the impact that the offer would have ... basically \$832 would be their increase but for our members, because of the way that they have structured the proposal with regard to health insurance, it would be a take away of approximately \$2,000, over \$2,000 a month. We continue to try to work things out and we hope that we can in a way that doesn't make it so that working moms and dads would have to figure out how to get by in a way that they've never had to before working at this Airport. People are proud to do what they do. This isn't a factory. I think there's a lack of respect for the jobs that these folks do. We need to be in an environment that attracts folks that are going to really care about the safety of our skies. There's no more important job I think at the Airport and I hope that Covenant returns to the table and we can work something out. That we really think about the people and not just increasing profits. Folks are ready to sit down and figure things out, and we hope they take that into consideration. When it comes to the other security contract at the Airport we hope that when it comes to awarding that contract that there's a way to figure this out. We're happy to offer other contractors with which we have a great relationship and can avoid further labor disputes this year. I believe the contract expires in November. Again, we hope this can be worked out and that the safety of the flying public and having professionals in that job is taken into consideration. I would happy to discuss this at anytime and show you our numbers and our positions as well. Thank you.

Commissioner Johns asked if they are at the negotiating table now.

Ms. Thompson replied that last week the workers rejected the last, best and final offer.

Commissioner Johns assumed that Ms. Thompson was saying that they have to get back to the table and negotiate.

Ms. Thompson replied yes.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:41 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**October 9, 2012
Special Meeting
9:00 A.M.**

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Special Meeting of
October 9, 2012

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AIRPORT COMMISSION SPECIAL MEETING MINUTES
October 9, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:04 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Peter A. Stern

Absent:

Hon. Richard J. Guggenhime

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of September 18, 2012 were adopted unanimously.

No. 12-0214

* * *

D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Mazzola and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Retirement Resolution for Mike McCarron

No. 12-0215

Resolution thanking Mike McCarron for his 22 years of faithful service to the City and County of San Francisco and San Francisco International Airport, and congratulating Mr. McCarron on his retirement.

Mr. John Martin, Airport Director said that Mike has been at the Airport for 22 years. He began his career in the Emergency Planning office and helped design the first Emergency Mobile Command Post. He then became a Duty Manager, and for the last 10 years has been the Director of Community Affairs, our Public Information Officer. I've always had complete trust in Mike to represent the Airport and represent me personally. He has done an outstanding job as Public Information Officer and I want to personally thank Mike for the excellent work he's done.

Mr. Mike McCarron said I am lost for words, believe it or not. I want to thank John who always supported me. I've had great mentors along the way, John Costas, a couple of other names most people don't recognize, Clay Scott and Dale Dunham ... really great support people, and my family who had to endure 3 a.m. phone calls, missed dinners

and little league games, getting called at church on Christmas Eve and other odds and ends that happened at over the past 10 years. But I need to thank John because I know in talking to my counterparts that they always had to check first with their CEO before talking to the press, and I didn't. John had that confidence in me and I appreciated it at all times. Over the past years I've had great pride in saying I work at SFO. Thank you.

Commissioner Mazzola said no, thank you for your service.

Commissioner Crayton said I personally want to thank you. You've been a delight to work with. I love watching the news and seeing your name come up. You are a hero to not only the Airport but to the viewers because you are always very exact, very concise. People didn't have to guess what you were talking about. I cannot believe you're retiring because it just seems like you only got here. I'm old and I've been here for a while so I should go first. Thank you so much and I appreciate your service.

Mr. McCarron said thank you Commissioner, it's very kind of you.

Commissioner Johns said I want to thank you so much. I've always appreciated watching you on TV and interacting here. I wish you well in whatever you're going to do in the future.

Mr. McCarron said thank you, thank you very much. I really appreciate it.

Commissioner Mazzola congratulated Mr. McCarron.

Mr. McCarron replied thank you sir.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

2. Commendation for Michael Leon-Guerrero

No. 12-0216

Resolution thanking Michael Leon Guerrero for his service to the Airport and offering best wishes in his new job as Assistant City Attorney of Redwood City.

Mr. Martin said that Michael is leaving for a position with the Redwood City City Attorney's Office, a significant promotion. Michael has been with the City Attorney's office 14 years, the last 4 at the Airport. He started in the City's Labor team. He's done a fantastic job at the Airport. I've always had complete trust in Michael ... he's a real problem solver. I like attorneys who are problem solvers. He worked closely with the SFPD, the State and the County in addressing our problem with vans and limousines. We probably have this problem more under control than the entire 31 years I've been working at the Airport. A great credit to Michael for that. He's worked on updating our very comprehensive and detailed Rules and Regulations, and he's handled a number of sensitive labor cases. I appreciate Michael's great work.

Mr. Michael Leon Guerrero thanked the Commission. I served the City and County of

San Francisco for 16 years, two years as a Research Attorney in the Superior Court, and I can say that you're the best client I've had. You've made it very easy. John runs a very ethical and professional Airport which makes it easy for attorneys to work with. I'd like to thank my General Counsel, Sheryl Bregman, a breath of fresh air, and my teammates, Deputy City Attorneys on the Legal team as well. Interesting bunch of attorneys. We try to have fun when we can and keep our camaraderie together. I'd like to thank the Airport staff that I worked with ... a highly professional group, everyone from Tryg McCoy to the Deputy Director's that I worked with. It's been a great time. I've enjoyed my time at the Airport. I was telling a friend recently that I'll look back with fondness at the Airport because there's not many places where you can say that within a span of one month you've had the Shuttle fly by on a jumbo jet, you've seen the Blue Angels, and President Obama. It's a great place to work and I'll look back fondly on these memories. Thank you.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

3. Award Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 - McCarthy Building Companies, Inc. - \$4,150,000

No. 12-0217

Resolution awarding Contract 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 to McCarthy Building Companies, Inc., in the initial amount of \$4,150,000.

Mr. Ivar Satero, Deputy Director, Design and Construction said we are recommending award of this contract to McCarthy Building Companies with Kwan Henmi as the lead architectural team for the West Field Cargo Facility Phase I project.

This contract will complete the design build services to complete the design and construct the first phase of the West Field Cargo Redevelopment. Phase I will build approximately 100,000 sq. ft. of warehouse space along with a commensurate amount of office space on the mezzanine, and essentially replace Cargo Building No. 7. The primary tenants of the new building will be DHL and Trux, who provides cargo handling services for several carriers.

Five proposals were received in response to the RFQ/P from design-build teams. We determined that all five firms were well qualified to meet the requirements of the RFP. We convened a selection panel to score the written proposals of the five firms, and based on the score of the proposals, we developed a ranking of the firms. The RFP indicated that we would shortlist the top three scoring firms to participate in the next

phase of the solicitation which was interviews and the cost proposals phase.

We reconvened the Selection Panel to interview and score the firms and their key personnel in accordance with the RFP criteria. We reviewed and scored the cost proposals as well as the three firms and developed a cumulative score based on technical proposals, interviews, and cost proposals. McCarthy earned a total of 724.7 points out of 760 and was determined to be the top scoring team.

The initial award amount of \$4,150,000 provides for the fixed design fee, general conditions costs, and an Airport allowance of a \$1,000,000 for early design activities and pre-construction services. As with our past design build processes, we will return to the Commission at stages in the solicitation of subcontractor trade bid packages and recommend that we add those to the contracts. At each stage we'll update the forecast of completion for you.

Funding is provided from the Airport's Capital Improvement Program (CIP) budget. The City's Contract Monitoring Division (CMD) established a goal of 15% for LBE participation and McCarthy has committed to meeting this goal.

Commissioner Johns asked if this is the first time McCarthy has done work with us, or have I just overlooked the name in the past.

Mr. Satero replied that they're a new entrant to the Airport. They've competed in the past on Airport solicitations but have not been successful. They did compete on the Boarding Area E solicitation. We're very happy to have a new entrant. They're a very qualified firm and a large general construction firm.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Award of Contract No. 9242A - Design-Build Services for Plot 2 Employee Parking Lot Project - Synergy Project Management, Inc. - \$2,370,000

No. 12-0218

Resolution awarding Contract 9242A, Design-Build Services for Plot 2 Employee Parking Lot Project to Synergy Project Management, Inc. in the amount of \$2,370,000.

Mr. Satero said this contract provides for design build services to complete the design and construct an Employee Parking Lot on Plot 2, the old Hilton site which is currently dedicated to contractor staging and storage. We've found other suitable staging and storage areas for the contractors on other parts of the Airport, without impacting the need for on-site contractor staging or interrupting the efficient operation of construction. The development will pave approximately 3 acres on the Hilton site and provide for approximately 800 parking stalls. Upon completion we will relocate employee parking from Lot D into this new lot, freeing up revenue parking on Lot D. Our schedule is to achieve this prior to the peak holiday travel season beginning on Thanksgiving.

In response to this RFP, we received six proposals from design build teams and again,

all six firms were determined to be qualified to provide the services. Different from all previous Airport design-build contracts, this contract was evaluated entirely based on cost as the scope of work was adequately defined in the RFP documents to provide for little risk in taking a fixed price. The award amount of \$2,370,000 provides for the lump sum amount to complete the design and construct the improvements.

Due to the critical nature of obtaining these additional spaces, the contract duration is 45 days to substantial completion and that allows us to open and operate the facility, with the exception of the parking control system which falls under the 120 day milestone. Funding is provided from the Airport's Capital Improvement Program.

CMD has established an LBE subcontractor goal of 22% and Synergy has committed to achieving 32% LBE participation.

A bid protest was received from the third bidder, Schembri Construction. The protest contained two issues. First, we failed to provide Schembri with all of envelope C ... I think it is documentation that is about GMP backup documents and related to prosecution of the work. We thought he just wanted the bid documents themselves. And so, we went ahead and provided all of that other backup document. Also, there was a schedule in the GMP package that didn't have the interim milestone of 45 days, but in working with the City Attorney's office that is determined to be a curable defect. Since that time, we have received a schedule that does have that 45 day milestone.

This protest was determined to be without merit by the City's Attorney's office.

Commissioner Stern said that we have previously discussed a short term solution for employee parking. Is this still in conjunction with that and can you expand on the long-term view of employee parking.

Mr. Satero replied that this is the short term solution of 800 stalls. The long term solution will satisfy employee parking for us. We need to talk about more long term parking needs ... it's part of a long term program to potentially add a long term parking garage. But as far as employee parking goes, this will satisfy our need.

Commissioner Crayton said I'm not real familiar with Synergy Project Management, however when I look at all the bidders it looks like there were about 3 that were clumped together, and then 2 others that were clumped together, and then Synergy was \$200,000 more or less than the other. Did that cause any concerns?

Mr. Satero replied we don't have a lot of experience with Synergy so we did some due diligence. In fact, Synergy worked on Terminal 2 as a subcontractor to Turner so we do have some experience in a subcontract role. We have met with Synergy and we are satisfied that they bring the right expertise for this.

Commissioner Crayton said I was just wondering ... it's almost a \$1,000,000 difference. What would they have cut out in order to be able to get the bid at this amount?

Mr. Satero said it's a continuation of a pattern when the economy picks up and construction picks up regionally. We're seeing more of a disparity between low bids and high bids. Hungrier contractors versus less hungry is what we think is contributing

to that spread. But we're very satisfied with the bid amount.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Modification No. 5 (Trade Bid Package Set 4A) to Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - \$4,210,969

No. 12-0219

Resolution adding Trade Bid Package Set 4A to Contract No. 9015A, Design-Build Services for the Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Company in an amount of \$4,210,969 for a new total contract amount of \$26,823,205.

Mr. Satero said this is the next modification for the Hensel Phelps contract for the Air Traffic Control Tower. It provides for the Mass Excavation and Earthwork scope of work ... foundation and site logistics and site controls. In accordance with the Administrative Code, we bid this scope of work to a minimum of 3 trades of subcontractors, with the exception of the site controls and weatherproofing and monitoring scope, which were directly negotiated under that allowance of 7.5% for direct negotiated scope. We reviewed the bids and negotiated scopes of work and we're satisfied that they appropriately reflect the agreed upon scope of work. The proposed modification is within the overall budget for this work and is within \$110,000 of the Engineer's estimate.

With these bids, we continue to forecast a cost of completion of \$89,600,000, which includes the appropriate level of future contract growth and contingencies to assure on-budget performance.

This is a federally compliant contract so Hensel Phelps was encouraged to use best faith efforts to achieve 10% local, small and disadvantaged business participation. HP is committed to achieving 10.4% participation.

Mr. Satero told Commissioner Stern that he didn't adequately respond to his question about staff parking. We have a long term plan for a consolidated administration building for staff. That's where we'll bring the disparate units of the Airport that are in various offices into a single campus approach and in that approach we will have parking garages sufficient to accommodate all of that staff. It will be adjacent to where the facility is and you'll start to see some of that project in the near future.

Commissioner Crayton said that she received some literature in the mail regarding parking at SFO and asked if that was Mr. Satero's department, or was that another entity that is a developing parking at the Airport?

Mr. Satero replied it was probably out of Marketing & Communications. It's an off-airport provider I think.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

6. Award Contract 9254 - Providing Airport Shuttle Bus Services - SFO Shuttle Bus Company - \$42,000,000

No. 12-220

Resolution awarding Professional Services Contract 9254, providing for Shuttle Bus Service at SFO to SFO Shuttle Bus Company in an amount not to exceed \$42,000,000 for a period of three years, seven months effective December 1, 2012 with three, two-year options exercisable at the sole discretion of the Airport Commission.

Ms. Jean Caramatti, Commission Secretary announced the amount on the calendar is incorrect. The correct amount is \$39,000,000.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said we are requesting award of the Airport Shuttle Bus Services contract to SFO Shuttle Bus Company. The current contract is set to expire November 30, 2012. This new contract will provide for similar services which include bus service to and from public and long term parking lots and for the maintenance of all Airport-owned buses. This busing operation serves SFO employees who park at the West Field garage and in-service Lot D. It also involves readily available ground transportation for air passengers who park in Long Term lots D and DD and is a critical link between the terminals and employment sites along McDonnell road. The service operates 24/7 and is a back up to assist with the on-going movement of passengers in the event of any service disruption to our AirTrain system.

On June 5, 2012, we issued an RFP seeking to obtain Airport Shuttle Bus services. Staff conducted a pre-proposal conference, followed by three pre-proposal conference calls prior to the proposal due date to ensure questions were answered and clearly communicated to perspective proposers. An addendum to the RFP was issued which extended the original proposal date from July 9, 2012 to August 12, 2012. We received a total of four proposals, two of which were deemed to be responsive. A six-member panel which consisted of three internal members and three external members was assembled to score the two responsive proposals and to conduct oral interviews for the two qualified bidders. Points awarded by the panel were added to the points awarded by the oral interviews and total scores were as follows, Bauers Intelligent Transportation scored a 799.2 points; SFO Shuttle Bus Company scored 905 points. Based on the evaluation criteria, SFO Shuttle Bus Company was selected as the successful proposer for this contract. Notification of the intent to award was made to both companies with the protest period ending October 4th and there were no protests received.

I request award of Contract No. 9254 to provide Airport Shuttle Bus services at San Francisco Airport to SFO Shuttle Bus Company for a period of 3 years and 7 months, to commence December 1, 2012, in the amount not to exceed \$39,000,000. The contract will have 3 two-year renewal options, exercisable at the sole discretion of the Commission.

Mr. Jeff Leonoudakis, CEO and President, SFO Shuttle Bus Co., said our company has

been operating the shuttle bus service at SFO since 1975, 37 continuous years. We commend your staff for putting out a rigorous RFP which we feel was imminently fair. Fortunately we were selected as the number one proposer and we seek your approval this morning to continue on as the provider of this service. We're committed to providing high quality service for SFO customers and employees. Thank you.

Commissioner Johns asked if there is anything different in the new service.

Mr. Littlefield replied the service itself is basically the same.

Commissioner Johns said the RFP added nothing new ... it's the same service that has been going on in the past.

Mr. Littlefield replied the service itself, yes.

Commissioner Crayton asked if we had any LBE requirements in the bid.

Mr. Littlefield said I'll have to get back to you with specific details.

Mr. Martin said we'll follow up with that.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

7. Award Rental Car Center Café Lease, A Small Business Set-Aside - Marina's Café

No. 12-0221

Resolution awarding the Rental Car Center Café Lease, a Small Business Set-Aside to Marina's Café.

Mr. Leo Fermin, Deputy Director, Business and Finance said that this lease is for a Café in the lobby of the Rental Car Center and is a small business set aside. I'm very pleased to recommend award of this lease to Marina's Café which is a venture owned by Lupe Rodriguez and her partner, George Issa. This is a husband and wife team which began at the Airport working for HMS Host over a decade ago. They have both worked over the years, advancing from a cashier's position to Manager at Guava and Java. George started his career as a supervisor with Host and was hired as Assistant General Manager for Perry's Restaurant in Terminal 3.

The café will feature organic products such as locally sourced coffee and organic salads, and pastries baked daily by a local artisan baker.

Ms. Lupe Rodriguez said thank you very much for this big award. We have gratitude for this big opportunity and gratitude towards everybody who helped us to try to put it all together. And thank you because it is my dream come true after all these years working for big companies. My sincere thank you to Mr. John Martin, Mr. Leo Fermin, Mrs. Cheryl Nashir, Mrs. Sandra Crumpler who always support me, help me, you know to go through the process and who have made it possible to go through all these things to be a business operator. Marina's Café is very proud to be a part of San Francisco Airport. Thank you again for the opportunity to make Marina's Café a reality.

Commissioner Mazzola wished them good luck.

Commissioner Crayton said I'm almost move to tears because I'm excited. This is what the Airport Commission is about. When we see business owners like her ... women and minorities rise to this occasion and have an opportunity to work at the Airport. We're doing an excellent job, your staff is doing an excellent job. When we see this happen throughout the Airport so that they really know that we're working with the vendors here to help them to achieve this opportunity. Will we do any press about this?

Mr. Martin said we certainly will when their facility opens. It's a great success story.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 14, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. Modification No. 1 to Contract No. 8760 - Elevator Maintenance, Repair and On-Call Services - Thyssenkrupp Elevator Corporation - \$1,000,000

NO. 12-0222

Resolution approving Modification No. 1 to Airport Contract No. 8760 with Thyssenkrupp Elevator Corp. in the amount of \$1,000,000 for a revised not-to-exceed total contract amount of \$9,000,000 for elevator maintenance, repair and on-call services.

9. Award of Ground Lease for a Compressed Natural Gas Fueling Facility - Clean Energy - \$36,000 per year

No. 12-0223

Resolution awarding a Ground Lease to Clean Energy for the continued operation and improvement of a Compressed Natural Gas (CNG) Fueling Facility for a term of five years, with two, two-year options to extend at the sole discretion of the Airport Commission in the amount of \$36,000 per year.

Mr. Chad Linholm, Vice President, Clean Energy, said we have operated a state of the art natural gas fueling facility available to the general public as well as the Airport's large and growing fleet of alternative fuel vehicles, specifically natural gas, since 2003. Since that time, in strong partnership with Airport staff, we are proud to have significantly expanded the use of NGVs in and around the Airport as well as the region with over a 100 natural gas taxis, a few hundred natural gas shared ride vans, about 100 courtesy off-site shuttles, and 100s of light, medium and heavy duty vehicles the Airport runs. This has been a model that clean energy has conveyed and taken across the country ... we now operate at over 30 airports. I commend San Francisco Airport for it's leadership in developing policies that both incent and encourage transition from gasoline and diesel powered vehicles to cleaner domestic, and sustainable natural gas vehicles. Today, the economics have never been better with savings for these operators upwards of \$2.00 per gallon vs. escalating gasoline fuel prices. Again, we

appreciate the opportunity and look forward to this continued partnership for the next five years. As part of that partnership we're going to invest upwards of \$750,000 to put in a canopy over the existing station, brand new dispensers, and a backup generator for power. Thank you again. If you have any questions, I'm happy to answer them.

10. Modification No. 5 (Trade Bid Package Set No. 3) and Final Guaranteed Maximum Price to Contract No. 8970 - Closed Circuit Television Advanced Surveillance Program - Siemens Industry, Inc. - \$638,056

No. 12-0224 Resolution approving Modification No. 5, adding Trade Bid Package Set No. 3, in the amount of \$638,056 and establishing the Final Guaranteed Maximum Price (GMP) in the amount of \$5,599,298 for Contract No. 8970, Closed Circuit Television Advanced Surveillance Program, with Siemens Industry, Inc.

11. Modification No. 4 and Final Guaranteed Maximum Price for Contract No. 9078A - New Data Center - Transworld Construction, Inc. - \$530,629

No. 12-0225 Resolution approving Modification No. 4, in the amount of \$530,629 and establishing the Final Guaranteed Maximum Price (GMP) in the amount of \$12,600,000 for Contract No. 9078A, New Data Center, with Transworld Construction, Inc.

12. Request for Qualifications to Establish As-Needed Pools of Consultants to Provide Professional Services for Airport and Environmental Planning Management Consulting Services

No. 12-0226 Resolution authorizing Issuance a Request for Qualifications to Establish Pools of As-Needed Consultants to Provide Professional Services for Airport Planning and Environmental Services.

13. Cancellation of Grant Funds for Hydrogen Vehicle Fueling Station

No. 12-0227 Resolution declining and cancelling grants for an Airport Hydrogen Vehicle Fueling Station.

14. Approve Sublease Under Lease No. L73-0066 between United Air Lines and San Francisco Airport for Land at the Maintenance Operations Center at Plot 16

NO. 12-0228 Resolution approving a Sublease Under Lease No. L73-0066 between United Air Lines and San

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:

There was no discussion by the Airport Commission.

* * *

J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

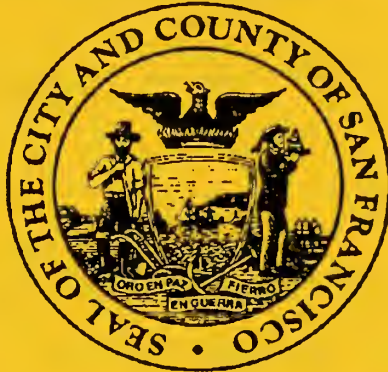
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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:37 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**October 30, 2012
Special Meeting
9:00 A.M.**

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
October 30, 2012

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AIRPORT COMMISSION SPECIAL MEETING MINUTES

October 30, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Absent: Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of October 9, 2012 were adopted unanimously.

No. 12-0229

* * *

D. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Award of Contract No. 9048A - Design-Build Services for Terminal 3 Checkpoint Project (T3 East) - Hensel Phelps Construction Company - \$20,453,280

No. 12-0230 Resolution awarding Contract No. 9048A, Design-Build Services for Terminal 3 Checkpoint Project, to Hensel Phelps Construction Company in the initial amount of \$20,453,280 and renaming the contract to Terminal 3 East Improvements.

Mr. Ivar Satero, Deputy Director, Design and Construction, said that this contract provides for design-build services to develop and the design and construct the improvements for the eastern half of Terminal 3. The major improvements essentially provide for a complete reconfiguration of the Terminal 3 east facility, from the Boarding Area F connection all the way to the interface with the Boarding Area E contract. The project will resolve the passenger circulation and queuing issues that currently exist both pre-security and post-security within Terminal 3. It will also provide for a 30-40 year renewed useful life of the facility and further the Airport's strategic objective of achieving a fully seismically upgraded facility in a thoughtful and comprehensive manner.

Five proposals were received in response to the RFP from design build teams. All

of the teams were determined to meet the minimum qualification requirements. Following review by the City's contract monitoring division, four of the proposals were determined to be responsive. Staff convened a selection panel to score the written proposals and based on the scores, and in accordance with the RFP, staff invited all four firms to the interview process. Based on the results of the scoring of the interviews, the technical proposals and the cost criteria evaluation, Hensel Phelps was determined to be the highest scoring firm with 909 points out of 940. The \$20,453,280 initial award amount provides for the fixed design fee, general conditions cost and an Airport allowance of \$4,000,000 for early construction activities. Per the design-build process, we will return to the Commission periodically to award the subcontracted scope that are competitively bid to subcontractors in accordance with the Administrative Code. At that time we will update the cost of completion.

Funding will be provided from the Airport's Capital funds. The City's CMD has approved a 16% LBE subcontractor participation for construction services and a 22% LBE subcontractor level for professional services, essential design services and Hensel Phelps has committed to meeting both goals

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

2. Award of the Airport Advertising Lease to Clear Channel Outdoor, Inc. dba Clear Channel Airports

No. 12-0231

Resolution approving the award of the Airport Advertising Lease to Clear Channel Outdoor, Inc. dba Clear Channel Airports.

Ms. Jean Caramatti disclosed that yesterday shortly after 3:00 pm the Airport Commission received a document from JCDecaux North America.

Mr. Leo Fermin, Deputy Director, Business and Finance said that the current advertising lease ends on March 31, 2013. Three proposals were received for the new lease. The two highest rated proposals were from JCDecaux and Clear Channel. As stipulated in the RFP and explained at the pre-proposal conference, the evaluations focused on four criteria: the business plan with a possible 15 points; design and construction intent which accounted for 20 points; operations and management plan for 15 points; and the proposed minimum annual guarantee which accounted for 50 points, or half of the total possible 100 points.

The top two firms tied in the following categories: Business Plan, with 11 points; the 2nd category, Design and Construction Intent with 14.33 points each; and the 3rd category, Operations and Management Plan with 11.5 points each. The 4th criteria, the proposed MAG, was scored based on a methodology explained at the pre-proposal conference and used consistently by SFO as well as other airports, and that is the highest MAG receives all 50 possible points. The next highest MAG receives points proportionate to or in the same ratio to the highest MAG. For example, if the second highest MAG was 85% of the highest MAG, then the second highest MAG received 85% of the possible 50 points for this criteria.

Clear Channel proposed a MAG of \$10 million. JCDeCaux proposed a MAG of \$8.5 million, therefore, Clear Channel received the full 50 points and JCDeCaux received 42.5 points. Because of its higher MAG offer, Clear Channel received a total score of 86.86 points and JCDeCaux received a total of 79.36 points. To put Clear Channel's MAG offer in perspective, in the fiscal year ending June 30, 2012, the current expiring lease with Clear Channel required rent to be the greater of a MAG of \$6.8 million or 70% of gross sales. Clear Channel paid us total rent of \$9.77 million. The other two proposers both submitted MAG offers of \$8.5 million which is \$1.27 million less than what the Airport was paid last year. Clear Channel has never asked us for a rent reduction. In fact, after the events of September 11th, when we introduced a concession relief program to reduce rents for our Concession tenants, Clear Channel actually declined their rent reduction and instead, asked to increase their MAG by about \$1.2 million over a four-year period in exchange for additional locations in the International Terminal.

A protest was sent from JCDeCaux. The City Attorney's office reviewed the facts and determined that the protest was without merit and notified JCDeCaux accordingly.

Ms. Meredith Haggerty, General Manager, Clear Channel Airports. We've enjoyed a great partnership with SFO and it's staff since 2001. John Martin and his dedicated staffs day to day involvement are a direct correlation to our success and the revenue generated at SFO. SFO is important to Clear Channel and therefore, retain the Airport as a high priority. Over the past few years sales increased significantly at SFO. In 2011, sales increased by 64% and to date, 27% over a year prior. With a new contract, Clear Channel Airports has committed \$80 million over the course of the contract and \$9.8 million in capital investment. There continues to be a demand by advertisers for SFO internationally and we are confident that with a new program sales will continue to be strong and grow as we've seen over the last few years. In conjunction with Gensler, our program was designed to incorporate the personality of San Francisco and the illustrations and famous quotes referencing our beautiful Bay Area landmarks. Within the new program we have reduced overall signage, eliminating clutter and creating a tasteful advertising environment.. By deploying a light digital network and strategic static formats, we have the ability to deliver a sustainable and revenue enhancing program for SFO. In addition, we work closely with our partners, Bass Electric, Liberty Electric, Trico Construction, and Denise Bradley Tyson, who have been and will continue to be an important part of our successful team at SFO. We are dedicated to continue to support several local programs and their causes such as SF Maid, America's Cup, SF Travel, and the SFO Museum.

We have committed \$100,000 annually for the production and promotion of these types of local organizations and events at SFO. On behalf of Clear Channel Airports, I would like to thank the Airport Commission in advance for your support and awarding Clear Channel the advertising contract at SFO. Thank you.

Ms. Denise Bradley Tyson, dba Denise Bradley Consulting said I'm here in support of Clear Channel Airport retaining it's contract and being awarded the contract. As an LBE in the City, I think Clear Channel Airport represents the kind of corporate citizen that the City wants to continue to work with, specifically San Francisco Airport. There was no LBE component as part of this contract and yet Clear Channel as part of being a good corporate citizen, brought me in as an LBE

partner and even before this contract was awarded, has taken my counsel in terms of supporting cultural entities in the City. By way of example they gave free advertising to Alonzo King Lyons Ballet for its Fall season and committed to supporting them through their 30th anniversary. I'm excited about the opportunity to work with them. Specifically I'll be working with them to support and champion not only cultural entities in the City but also local businesses. We've already had discussions regarding sitting down with the Chambers of Commerce that represent the African American, Asian and Hispanic communities to make sure that organizations that are members of those entities get representation at the Airport. I think it's an exciting time for those businesses to have exposure at the Airport with America's Cup coming to the City and with the continued support of growing fan-based organizations like the San Francisco Giants. I'm excited again to work with them and they have been a great partner for me in terms of further developing my consulting practice. So again, I hope that you will vote and support awarding this contract to Clear Channel Airport. Thank you.

Ms. Stacey Kodak, JCDeCaux said we believe our protest is valid and we ask that it be given careful consideration and is fully vetted before making a decision. Our proposals are tied and we stand behind that. We request the opportunity to present our proposal to the Commission before any decision is made.

Commissioner Guggenhime said he reviewed this pretty carefully and understood JCDeCaux's strong feelings, but believed that this appropriate.

Commissioner Crayton said that sometimes change is good and I know that we've had Clear Channel here, however, they have been awarded the contract. I see, based on the information I've been given, that there is no anomaly here and no mistakes were made relative to making this award. I liked the fact that an LBE was added to the lease. They are very close and both of them are highly esteemed. We often have to make hard decisions, and I see nothing here that will persuade me otherwise at this time, having received information from our attorneys.

Commissioner Mazzola, addressing his comments to Stacey Kodak, said that the Commission did receive the packet and we have gone through it.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote was 2 to 2, with Commissioners Mazzola and Crayton casting the dissenting votes. The item was subsequently called again and adopted. See page 11.

3. Award of Contract No. 8877A - Superbay Hangar Doors Retrofit - Pilot Construction Management, Inc. - \$2,556,940

Resolution awarding Contract No. 8877A, Superbay Hangar Doors Retrofit, to Pilot Construction Management, Inc., in the amount of \$2,556,940.

Mr. Ivar Satero, Deputy Director, Design and Construction said that this item awards the first phase of the Superbay Hangar Doors Retrofit Project. The project will address immediate needs of the hangar doors to ensure they're safe and

provide reliable operation. However, the doors are 41 years old and are in need of substantial refurbishment.

The first phase of this contract will replace the drive systems, the electrical track and power feeds. It will repair the trolley and the track work and then other supporting elements and infrastructure to restore them to continued reliable operation.

The Airport received six bids, again with competitive pricing as with other recent contract awards. We received a bid protest from Trico, the third low bidder, regarding a claim violation of the California Subcontracting Fair Practices Law by the apparent low bidder, Pilot Construction Management. It was reviewed by the City Attorney's Office who determined that Pilot had listed a lower tier sub in response to the requirement for the CMD LBE participation and therefore, had not violated the Fair Practices law by listing two subs for the same scope of work. The four low bids are within 12% of the Engineer's estimate and the low bidder is within 3% of the Engineer's estimate. Pilot has committed to achieving 23% LBE subcontractor participation in comparison to the goal of 15%.

Commissioner Mazzola said you know my policy is and has been since I've been on the Commission, not to vote for contracts that cost us more money, and in this case there's a bidder that's lower than Pilot. I'm going to vote against this. It's going to cost \$126,000 more. I don't understand why. For that reason, I'll vote against it. But that's been my policy since I've been here.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenime. The vote to approve was unanimous.

4. Request for Proposal for Contract No. 9251 - Professional Services for Asset Management Plan and Services

No. 12-0233	Resolution authorizing a Request for Proposal for Contract No. 9251, Professional Services for Asset Management Plan and Services, in the estimated amount of \$4,500,000.
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Mr. Ivar Satero said that over the years SFO has developed a major capital intensive facility with an estimated value of \$11 billion. SFO has over 12 million square feet of building space and support infrastructure to accommodate the varied Airport operations which serve the public and business needs of the region. SFO is a highly progressive Airport focused on strategic investment and facilities development and redevelopment to serve this need as well as optimize the return on investment to the City and County of San Francisco.

Given the critical needs served by SFO and the highly complex nature of its operations and maintenance, it's important to understand and manage the capital investment to ensure that the systems and facilities continue to operate uninterrupted. With an Asset Management Plan, SFO will be able to develop a capital plan which provides for a known investment requirement over a long term that can help level out the investment and not have unforeseen spikes in the capital plan. It also allows us to appropriately plan for our engineering and

architectural resources to support the projects and provides credibility to the capital planning and the significant investment we make each year to ensure the uninterrupted operation of the Airport.

This Asset Management Plan proposes a 3-Phase approach, and this RFP contains a Phase 1 scope of work with a focus on visioning and developing a draft plan. All Airport divisions can participate in deciding what the Asset Management Plan will look like. The 2nd Phase will provide for a pilot program. We will take that draft plan and apply it to two different facilities ... Boarding Area C, which will undergo significant renovation in the next 10 years, and the DHL Hangar. The 3rd Phase will provide for full roll out of the plan. We will seek award for the first two phases of the scope of work in an estimated amount of \$500,000. After we have a better understanding of the cost to fully evaluate Airport assets, we will return to the Commission for award of the third phase.

The RFP process will follow the solicitation process and a selection committee will be convened for this RFP.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

5. Approval for Artwork in Terminal 3/Boarding Area E; Terminal 3/East; and the Airport Traffic Control Tower

	Resolutions approving the designs and artists selected for:
No. 12-0247	Terminal 3/Boarding Area E - Merge - \$350,000
No. 12-0248	Terminal 3/East - Amy Ellingson - \$438,550
No. 12-0249	Terminal 3, Boarding Area E, Children's Play Area - Eric Staller - \$125,000
No. 12-0250	Airport Traffic Control Tower - Val Britton - \$350,000

Ms. Susan Pontious, Director, Public Art Program, San Francisco Arts Commission said she was pleased to present four exciting proposals, three for Boarding Area E, Terminal 3 and one for the non-secure connector for the Control Tower. Amy Ellingson was originally selected for Boarding Area E and she was going to do a design for the terrazzo floor, however, with Gensler's new design that location was no longer viable. We moved her to a wall where she will translate one of her paintings into tile mosaic. You see both the full scale and the very small, long board, and the tile sample of what this work would look like translated into this material. We think this will be beautiful and we're very excited about it.

Moving into Boarding Area E, when we first met with the team of Gensler and Hensel Phelps, Judi Mosqueda, the Project Manager and Blake Summers, we identified two major locations for commissions. One is at the end of the boarding area, where Gensler had identified a sort of light feature. We went out with an RFQ to select an artist to create a light sculpture and selected the team of Merge from Los Angeles. Merge is two artists, Claudia Reisenberger and Franka Diehnelt. As we got into it, we realized that the greatest number of passengers will actually be in the area between 8a.m.-12p.m., broad daylight in a highly lit

boarding area. How do we create a light sculpture that most people are going to see during the day? Merge came up with a very brilliant solution which was to create these globe-shape elements of highly polished stainless steel which is highly reflective. That material will reflect light and be very dynamic during the day. The bottom or the sides of the globes will be cut and in them will be LED lights which will then light the interior which will be painted a kind of flat blue. Pointing to the board ... the bottom images show how the light will transition from brighter to dimmer, and we're looking at connecting that transition to some kind of data feed. We haven't determined what that will be, but it will be some sort of interactive data feed.

In the Children's Play Area, again, following on our success in Boarding Area E, we were looking to have some sort of interactive element. We were very lucky to find Eric Staller who for 16 years was the Artist in Residence in Amsterdam and is now living in San Francisco. His work has long featured interactive kinds of very fun pieces using technology. What you're looking at, and our pieces are still very conceptual, but these are discs that would be in the floor and rear. Within the circles would be water-jet cut aluminum and lighting. It will create these kinds of spiral rolling imagery and will be activated by the viewer stepping on it.

Commissioner Mazzola asked if adults can step on it.

Ms. Pontious replied that everyone could step on it. It will be fully engineered so that whatever the floor can take, it can take.

Mr. John Martin, Airport Director said that you will not actually stand on the spinning object; there's a glass panel and you will see it spinning underneath.

Commissioner Mazzola asked if it was triggered when stepped on.

Ms. Pontious replied that's correct. Val Britton is a young San Francisco artist selected for the non-secure connector for the Control Tower. While she just received her degree from the California College of Arts in 2006, she has already made an impressive career for herself with exhibitions, commissions, and grants. We are very excited to get her at this period of her career. Val is a collage artist. Her work is inspired by the fact that her father was a truck driver and traveled throughout the United States. Her work is a kind of imaginary maps. She has this collage sensibility where she collages different things on top of one another. This will be translated into glass and with glass we can recreate this kind of collage sensibility by doing different kinds of treatments to the different faces of the glass. The work is totally permanent and durable and is in a very public location, but nonetheless will maintain the artist sensibilities.

Commissioner Crayton thanked Ms. Pontious for this lovely work. I've walked through the Airport and seen the art. She asked how many of the artists are minority, or how many actually apply? Do you have a process?

Ms. Pontious responded that we do recruitment. We have many targets we try to hit, but none of these artists happen to be minority, although three are from San Francisco. However, the collection as whole has a great number of minorities.

Commissioner Crayton asked Ms. Pontious to explain the recruitment process.

Ms. Pontious replied that it's part of our website of course. We have a newsletter where people can sign up so that they automatically get notification of any opportunities. We have an extensive mailing list. Additionally, for this project we gave a number of workshops in San Francisco because our goal has been to try to recruit more San Francisco artists for the pool and. We gave series of three workshops when this RFQ was published ... one at the Mission Cultural Center, the Center for African American Art, and one in our offices. Our staff also does outreach. It's pretty extensive.

Commissioner Crayton asked if they recognize events like Hispanic Cultural month, Asian American Cultural month, or African American Cultural month.

Ms. Pontious asked Commissioner Crayton if she meant as a Commission.

Commissioner Crayton replied since you are reflective of art. I don't know if there are areas where you might have an opportunity to show that to the general public.

Ms. Pontious replied that we haven't done that, but it's a good idea to emphasize that part of the collection. We are working on a full scale catalogue of the art at the Airport. We've been working for quite a while to get it online and that might be the next thing that we do. Our Commission has a number of activities with our various programs that we could partner with, but that's another good idea.

Item No. 3 was called again at the request of Commissioner Crayton. The item was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote was 3-1, with Commissioner Mazzola casting the dissenting vote.

3. Award of Contract No. 8877A - Superbay Hangar Doors Retrofit - Pilot Construction Management, Inc. - \$2,556,940

No. 12-0232

Commissioner Crayton said that she wanted to revisit her vote on Item No. 3. It was an LBE and I do want to move an LBE.

Ms. Caramatti re-announced Item No. 3 and called the roll.

* * *

E. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item nos. 6 through 17, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. Authorization to Remarket and/or Refund all or a Portion of the \$88,190,000 Principal Amount of San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2009D; Authorization to Prepare and Distribute an Offering Document, and Approval of Certain Related Matters

No. 12-0235

Resolution authorizing the remarketing and/or refunding of all or a portion of the \$88,190,000

principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2009D, and authorizing preparation and distribution of an offering document, and approval of certain related matters.

7. Modification No. 4 (Trade Bid Package Set G) to Contract No. 8974B - Design Build Services for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - \$10,142,757

NO. 12-0236

Resolution approving Modification No. 4, adding Trade Bid Package Set G to Contract No. 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, in an amount of \$10,142,757 for a new total contract amount of \$64,016,521.

8. Award for Contract 8354.1 - Airport Shoreline Protection Feasibility Study Moffatt & Nichol and AGS, Joint Venture - \$500,000

No. 12-0237

Resolution awarding 8354.1, Airport Shoreline Protection Feasibility Study, to Moffatt & Nichol and AGS Joint Venture, in the not-to-exceed amount of \$500,000.

9. Award of Airport Management Consulting Contract Services Related to Capital Improvement Cost Reports and Grant Management - R.W. Block Consulting, Inc. \$450,000 for the First Two (2) Years of Service

No. 12-0238

Resolution awarding a five year Airport Management Consulting Contract to R.W. Block Consulting, Inc. for services related to Capital Improvement Cost Reports and Grant Management in amount not to exceed \$450,000 for the first two years of service.

10. Bid Call - Contract No. 8673 - Airfield Operations Facility

No. 12-0239

Resolution authorizing a Bid Call for Contract No. 8673, Airfield Operations Facility.

11. Modification No. 6 to Contract No. 8738 - General Airport Security Services Covenant Aviation Security, LLC - \$460,000

No. 12-0240

Resolution approving Modification No. 6 to Contract No. 8738 with Covenant Aviation Security, LLC for General Airport Security Services to extend the contract term to three months and to increase the

compensation in an amount not to exceed \$460,000, for a new total not to exceed contract amount of \$4,950,000.

12. Amendment No. 1 to Domestic Terminal Food and Beverage Lease No. 03-0189 with Burger King Corporation

No. 12-0241 Resolution approving Amendment No. 1 to Burger King Corporation's Lease No. 03-0189 to replace premises, reimburse for unamortized construction investments and create new commencement dates related to renovation of Terminal 3 Boarding Area "F", and direct the Commission Secretary to seek approval of the Board of Supervisors.

13. Exercise the First of Two One-Year Options to Extend the Term of Host International, Inc. Terminal 3 Newsstands and Specialty Store

No. 12-0242 Resolution exercising the first of two one-year options under Host International, Inc. Terminal 3 Newsstands and Specialty Store Lease no. 07-0100, for option term of January 1, 2014 through December 31, 2014.

14. Approval of Acquisition of Perpetual Avigation Easements to Replace Expiring Easements and Authorization to Request Board of Supervisors' Approval to Accept and Record the Easements

No. 12-0243 Resolution approving Acquisition of Perpetual Avigation Easements to replace expiring easements and authorization to request Board of Supervisors' approval to accept and record the easements.

15. Modification No. 1 to 2011 Lease and Use Agreement No. 10-0082 with China Airlines, Limited

No. 12-0244 Resolution approving Modification No. 1 to China Airlines, Limited's 2011 Lease and Use Agreement No. 10-0082 for the addition of 439 square feet of Category II exclusive use space in the International Terminal.

16. Approval of a Six-Month Trial for an Automated Teller Machine on the Arrivals Level of the International Terminal - Travelex America, Inc

No. 12-0245 Resolution authorizing a six-month trial with Travelex America, Inc. for Automated Teller Machine service

17. Ratification of the Settlement of Unlitigated Claims of \$10,000 or Less and Litigated Claims of \$25,000 or Less

No. 12-0246

Resolution ratifying the settlement of unlitigated and litigated claims for Fiscal Year 2011-2012 amounting to \$8,782.96.

* * *

F. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

G. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

H. CLOSED SESSION:

Discussion and vote pursuant to the Brown Act (California Government Code 54954.3) and the Sunshine Ordinance (San Francisco Administrative Code 67.10(d)) on whether to conduct a closed session to confer with legal counsel.

The closed session began at 9:03 AM and concluded at 9:28 AM.

ACTION ITEM.

CONFERENCE WITH LEGAL COUNSEL regarding potential litigation (Government Code 54956.9(b), Administrative Code 67.10(d)(2)): One matter, undisclosed to protect the City's interest.

There are no other planned agenda items for the closed session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under the Brown Act (Government Code Sections 54954.2(b)(2) and 54954.5) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

[RECONVENE OPEN SESSION]

Discussion and vote pursuant to the Brown Act (Government Code 54957.1(a)(2)) and the Sunshine Ordinance (San Francisco Administrative Code 67.12(b)(2)) on possible

report on action taken in closed session and/or whether to disclose any or all discussions held in closed session (San Francisco Administrative Code 67.12(a)).

ACTION ITEM

* * *

I. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:00 AM.


Jean Caramatti
Commission Secretary

JCDecaux

VIA HAND-DELIVERY, EMAIL Leo.Fermin@flysfo.com
AND FACSIMILE (650) 821-5005

Out of Home Media

Leo Fermin

October 17, 2012

Deputy Airport Director, Business & Finance
San Francisco International Airport, International Terminal
North Shoulder Building, 5th Floor
P. O. Box 8097
San Francisco, CA 94128

Re: Protest to Proposed Contract Award to Clear Channel Airports
(RFP Airport Advertising Lease)

Dear Mr. Fermin:

On October 11, 2012, JCDecaux received notice from SFO staff that Clear Channel Outdoor Inc., doing business as Clear Channel Airports (Clear Channel) is the highest ranked proposer pursuant to the Request for Proposals (RFP) for the award of the Airport Advertising Lease (Lease).

JCDecaux respectfully submits this protest to the proposed award of the Lease to Clear Channel. The basis of our protest is summarized as follows:

1. The proposals have not been scored in a manner consistent with the Evaluation Criteria specified in the RFP.
2. There is a mathematical error in the addition of JCDecaux's scores.
3. The scores awarded to JCDecaux by scorer P2 on two criteria are impermissibly irrational.
4. Clear Channel's Minimum Annual Guarantee (MAG) offer is commercially unreasonable and should be rejected as a financially irresponsible offer.

For all of the above reasons, JCDecaux is the successful proposer pursuant to the RFP and should be awarded the Lease. We discuss these points in detail below.

JCDecaux

1. Misapplication of RFP Evaluation Criteria

The RFP plainly states the controlling evaluation and award process. It describes four principal components of what proposals must contain and how proposals will be evaluated: (1) proposers must satisfy the RFP's minimum qualifications; (2) proposers must also recognize and address the goals stated in the RFP; (3) proposals must offer a concession opportunity which is reflective of the City and the Bay Area; and (4) proposers "must propose a [MAG] for the first Lease Year which is equal to or greater than the Minimum Acceptable Financial Offer..." (RFP Part II, par. 6. c. "Evaluation Criteria, Minimum Annual Guarantee Offer, and Financial Pro Forma"; Part III "Evaluation and Award Process".) The RFP's "Evaluation Criteria" is more specifically set forth in Submittal 4. Submittal 4 describes how the scoring points will be applied during the evaluation of the proposal:

Submittal 4 will consist of the Proposer's response to the Evaluation Criteria below. A thorough discussion/demonstration of all points below must be included in proposal with the exception of the Minimum Annual Guarantee Offer, which will be submitted on the attached form "Submittal 5." Proposals will be evaluated on the criteria below and scored according to the point scale shown.

The RFP clearly provides an evaluation process which is both qualitative and quantitative. "The Business Plan, Design/Intent Construction and Operations/Management Plan" categories in a proposal will be judged on the quality of the proposal's offerings. Given the subjectivity of these categories, one easily understands that the points will be awarded on a rational but not rigidly mathematical basis given the nature of the qualification (e.g. design) which is being evaluated. Naturally, in such a subjective process the "score" or "grade" a proposer receives may vary from panelist to panelist within reasonable parameters. By contrast, the Minimum Annual Guarantee criterion is stated simply as a quantitative category. Any MAG offer consistent with the RFP's instruction that it match or exceed the Minimum Acceptable Offer should receive a score of 50 points. (See RFP, Part II, par. 6.c.)

Given the above, JCDecaux's MAG offer must receive 50 points. The score sheet provided by staff reflects that JCDecaux's MAG offer received 42.50 points. This point allocation is erroneous pursuant to the RFP's instructions. If the Airport intended a qualitative approach to the evaluation of the MAG offer, it

JCDecaux

was required to provide notice to the proposers in the RFP. Applying an after-the-fact subjective standard to the published Evaluation Criteria is contrary to the principles of due process and fair play underlying a competitive solicitation process. (See *Domar Electric, Inc v. City of Los Angeles* (1994) 9 Cal.4th 161, 173.) Such an approach is also inconsistent with the manner the Airport itself and the City approach RFPs for other solicitations. (See and cf. SFO RFP for Contract 9194, Maintenance and Support of Baggage Handling Control Systems, dated August 24, 2012, Section IV "Evaluation & Selection Criteria", par. B4 "Fee Proposal"; HRC Rules & Regulations implementing Local Business Enterprise Ordinance (2010) Section IV.G.7.: ["Each evaluator will score each consultant on a predetermined point system,...in a fair and objective fashion."])

2. The Mathematical Errors in the Score Sheet

Your October 11, 2012 letter included a spreadsheet, which purports to set forth the scores received for each proposer. The "Weighted Points" totals for sections 2 and 3 were miscalculated. JCDecaux should have received 14.34 points for section 2 and 11.54 points for section 3. When added, together with the section 1 points and full points awarded for the MAG offer, JCDecaux's total score should be 86.88, placing it ahead of Clear Channel.

3. Scorer P2 did not score JCDecaux fairly or within permissible limits

Scorer P2 gave JCDecaux a 4.0 on the overall appeal and quality of advertising mediums, while awarding Clear Channel a 6.0 and Titan Outdoor, LLC (Titan) an 8.0. Scorers P1 and P3 gave JCDecaux a 6.0 and a 10.0 respectively. JCDecaux is universally acknowledged to be the industry leader in design and aesthetic quality not just in the United States, but specifically in San Francisco where JCDecaux street furniture has received consistently high reviews for the past 17 years. It is not rational, therefore, that JCDecaux would be awarded half the points that were given to Titan, a company that specializes in transit advertising and does not have a single advertising panel anywhere, including in San Francisco, that could be even remotely compared to one of JCDecaux's fixtures.

Similarly, on the ability to maximize sales, scorer P2 gave JCDecaux a 1.6 score versus 2.4 to both Clear Channel and Titan. The other 2 scorers gave JCDecaux the maximum score on this criterion, i.e. 3.2. As presented in our response to this RFP, JCDecaux's advertising sales performance in large U.S. airports comparable to SFO is second to none. Over the difficult 2006-2011 period, JCDecaux's revenue in large U.S. airports grew by 82%, while Clear Channels revenues in large U.S. airports increased by 5% only and by 23% at San

JCDecaux

Francisco International Airport. In terms of revenue generated by passenger, JCDecaux held seven of the eight top spots in large U.S. airports in 2011. SFO came in 10th, 65% lower than JFK and 30% lower than LAX where JCDecaux operates the advertising concessions. As far as Titan is concerned, their sole advertising concession is Westchester County Airport, a small regional New York State airport, which they won two months ago. Their track record in terms of advertising sales for their transit contracts is such that in 2009, they negotiated reductions in their fees obligations for all of their contracts, except in New York where the MTA terminated their concession agreement for default of payment of their MAG. It is therefore hard to understand how JCDecaux could score less than these two companies on that criterion.

4. Clear Channel's MAG offer is Commercially Unreasonable and Constitutes a Financially Irresponsible and Illusory Proposal

Clear Channel is the incumbent on the current SFO Advertising Lease. Its average annual sales, over the past 5 years, as represented by SFO (presumably as reported to SFO by Clear Channel) are \$9.2 million. Clear Channel's \$10M MAG offer for the new Lease opportunity is commercially untenable given its own sales performance on the same lease. The unreasonableness of Clear Channel's MAG offer is evident when compared to the two other proposed MAGs (JCDecaux \$8.5M and Titan also \$8.5M) as well as the SFO's Minimum Acceptable Offer of \$7.5M initially, which was subsequently revised down to \$7M to reflect the removal from the inventory made available to the new concessionaire of several key advertising locations which Clear Channel itself indicated represent \$1.8 million of its current revenue. Clear Channel's MAG offer is 18% above its two similarly situated competitors on the RFP and 43% above the Airport's estimate of a reasonable market based minimum bid. These facts strongly support a conclusion that Clear Channel is knowingly attempting to "buy" the award of the Lease unfairly by overbidding.

A contractor who intentionally overbids is not a "responsible" bidder, as that term is legally understood in competitive solicitation matters. (*Taylor Bus Service, Inc. v. San Diego Bd. of Education* (1987) 195 Cal.App.3d 1331, 1341: ["Responsibility means the fitness, quality and capacity of the bidder to satisfactorily perform the proposed work."]; see also Public Contract Code §1103: ["'Responsible bidder,' as used in this part, means a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract".] The Airport should investigate Clear Channel's financial responsibility to honor its MAG commitment for the 8-year term of the Lease to ensure Clear Channel meets the RFP's and legal standard of "responsible" proposer/bidder. (RFP, Part

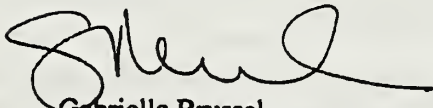
JCDecaux

IV, par. 13.c: [Airport Commission has right to "[r]equest a credit report and additional financial information from each Proposer."]
Irrespective of that "responsibility" determination, in light of facts known to us, Clear Channel's bid is commercially unreasonable and amounts to an illusory proposal. Clear Channel is not new to this type of unreasonable bidding: in 2007, Clear Channel bid \$4.075M in MAG for the advertising concession at Mineta San Jose International Airport, where JCDecaux's revenue history was between \$3M to \$4M. Since then, Clear Channel's sales at that airport have not exceeded \$2.05M. Similarly, that same year, Clear Channel offered a \$3.75M to \$5M MAG for the advertising concession at Seattle-Tacoma International Airport, where JCDecaux previously generated \$5M in sales. Since then, Clear Channel's sales have not exceeded \$5.05M at that airport, and were down to \$3.7M in 2011, with a further 18% decline in the first half of 2012. Under California law it is against public policy for a company to win a public contract award with a bid that is offered at a loss to the company. This type of practice is referred to as a "loss leader". California law identifies a "loss leader" practice – e.g. the sale of a product where the effect is to divert trade from or otherwise injure competitors, as an unfair trade practice. (See Bus.Prof. Code §17030.) A monetary offer which is commercially unreasonable and unreliable should not be entertained by the City, particularly from an incumbent with insider information that promises to perform better for the City going forward than its record demonstrates it has done in the past. If Clear Channel's MAG offer is rejected, Clear Channel becomes a non-responsive proposer and is not entitled to the award of the Lease.

CONCLUSION

When the RFP's scoring criteria and points are properly applied, JCDecaux is the highest ranked proposer. Accordingly, we respectfully request that the Airport sustain this bid protest and recommend that the Airport Commission award the Lease to JCDecaux on October 30, 2012.

Sincerely,



Gabrielle Brussel

Executive Vice President, Legal Affairs and General Counsel

cc: Bernard Parisot



ROSALES LAW PARTNERS LLP

October 26, 2012

Mara E. Rosales
mara@rosaleslawpartners.com

VIA MESSENGER; EMAIL

David Serrano Sewell
Deputy City Attorney
Office of the City Attorney
San Francisco International Airport
International Terminal G, No. Shoulder Bldg., 5th Floor
P. O. Box 8097
San Francisco, CA 94128

**Subject: Reply to Denial of Protest Letter, dated October 24, 2012; Request for
Reconsideration of JCDecaux North America, Inc.'s Protest**

Dear David,

Your October 24, 2012 letter to JCDecaux's General Counsel Gabrielle Brussel has been referred to me for response. We ask that the City Attorney reconsider its legal position based on the following two points: (A) the interpretation of the RFP as stated in your letter is not well supported in fact or law and (B) Clear Channel Airports' ("Clear Channel") response to the protest letter, upon which you rely, does not address the key issue addressed in the protest letter, namely, Clear Channel's irresponsible pattern and practice of bidding higher than a reasonably achievable Minimum Annual Guarantee ("MAG") at sister airports and thereafter seeking MAG or economic relief once awarded the lease. It is our contention that this practice is particularly relevant to a determination of whether Clear Channel is the "most responsive and responsible Proposer" entitled to the award of the lease as set forth in the RFP (RFP, Part III, para.4.)

A. Misapplication of the RFP Evaluation Criteria

We are pleased that you read the RFP as we do--"that the MAG score of 50 points was assigned using a specific methodology." We disagree, however, with your statement that "the methodology was not applied after the fact or contrary to the RFP." Your support for this statement is that the sliding scale application of the MAG methodology was explained orally at a non-mandatory informational conference. This admission alone is sufficient cause for you to sustain JCDecaux's protest that its proposal is entitled to receive the 50 points for the MAG category. The RFP clearly states that:

1. "Proposers are encouraged to attend the Informational Conference ...", where "questions will be addressed" and "any new information will be provided..." (RFP, Part II, para. 2.) The public is told that the "Airport will keep a record of all parties who attend the Informational Conference" and that "substantive replies will be issued as written addenda and posted on-line..." (*Id.*)
2. Any amendments to the RFP will be issued in writing by an addendum. (RFP, Part IV, para. 7.)

Under the RFP rules established by the Airport Commission, oral representations or modifications do not suffice to change the instructions in the RFP. The Airport's own website explaining the competitive selection process for concessions contracts states that the RFP documents will include "the selection criteria that the Airport will use in evaluating the proposal" and goes on to explain that following the Informational Conferences, notices will be sent to the participants "of any changes to the qualifying criteria, business terms, or selection process." (<http://www.flysfo.com/web/page/about/b2b/conces/general.html>).

Notably, your "oral amendment" argument is also without any legal basis. The Commission is bound to follow its own RFP solicitation procedure. (*MCM Construction, Inc. v. City & County of San Francisco* (1998) 66 Cal.App.4th 359, 368-9 quoting *Valley Crest Landscape, Inc. v. City Council* (1996) 41 Cal.App.4th 1432, 1435 [re: award of SFO construction contract].) As the Court of Appeal stated in one of the Airport Commission's own published cases, "[t]he importance of maintaining integrity in government and the ease with which policy goals underlying the requirement for open competitive bidding may be surreptitiously undercut, mandate strict compliance with bidding requirements." (*MCM Construction, Inc. supra* at 369.) Furthermore, the failure of a public agency to follow the "precise specifications in its public call for bids leaves bidders in the unfair position of having to guess what will satisfy the [agency's] needs." (*Konica Business Machines U.S.A. v. Regents of the University of California* (1988) 206 Cal.App. 3d 449, 457.) In an action for writ of mandate, the Court has the power to "direct an agency to follow its own rules when it has a ministerial duty to do so or when it has abused its discretion." (*Pozar v. Department of Transportation* (1983) 145 Cal.App. 3d 269, 271, citing *Glendale City Employees' Assn., Inc. v. City of Glendale* (1975) 15 Cal.3d 328, 344-345.)

The public interest is not served when the Commission does not comply with its own published rules of procedure. Such action will undermine the credibility of the fairness of the Commission's competitive processes.

Following the applicable law and as a matter of public policy, JCDecaux's MAG proposal must receive 50 points. We ask that you re-visit your conclusion to the contrary.

B. Clear Channel's MAG Offer is Commercially Unreasonable and Constitutes a Financially Irresponsible and Illusory Proposal

Your response letter to JCDecaux's challenge to the commercial viability of Clear Channel's MAG offer misses the central point of the protest. Asking Clear Channel whether it will stand

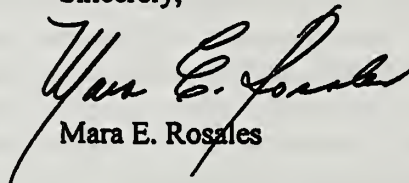
David Serrano Sewell
October 26, 2012
Page 3

by its financial proposal today does not address the legitimate question raised by Clear Channel's conceded business practices, to overbid MAG offers and not perform. Based on public information we have obtained thus far, Clear Channel has a current practice with at least two Bay Area airports to promise to meet its contractual obligations at contract award only to reverse course once the contract is awarded. We have attached information from San Jose International and Oakland International Airports which confirm that Clear Channel's promises at contract award are unreliable precisely because, as here, they have proposed a MAG, which under similar circumstances, was not reasonably achievable.

Tellingly, Clear Channel does not rebut these allegations other than to dismiss them as "irrelevant" and to note it has "not defaulted" on the mentioned contracts. These explanations are unsatisfactory as well as inaccurate. Avoiding the question does not answer the concern. Indeed, a close look at Clear Channel's actions at San Jose and Oakland Airports reveals that Clear Channel is not in default only because it has managed to successfully negotiate contract amendments with those airports. Clear Channel explains that it leverages its SFO relationship "as part of its pitch" to obtain advertisers in its advertising network. It appears that Clear Channel also relies on the SFO business relationship to overpromise to other Bay Area airports its ability to successfully market their airports. These business practices are in fact "loss leader" strategies which are contrary to the public policy of the State of California.

The facts warrant a deeper inquiry by SFO to San Jose, Oakland and Sea-Tac Airports than your letter states has occurred.

Sincerely,

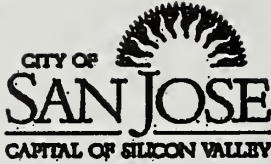


Mara E. Rosales

MER:rp

cc: Dennis J. Herrera, City Attorney
Sheryl Bregman, Airport General Counsel
Leo Fermin, Deputy Airport Director – Business Finance (RFP Protest Officer)
Gabrielle Brussel, JCDecaux, General Counsel
Bernard Parisot, JCDecaux

SAN JOSE INTERNATIONAL AIRPORT



SENT TO COUNCIL:

Distributed on:

NOV - 9 2011

City Manager's Office

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: William F. Sherry, A.A.E.

SUBJECT: RESPONSE TO COUNCIL
REFERRAL 10-25-11-2.7
REGARDING CLEAR
CHANNEL

DATE: November 7, 2011

Approved

Date

11/9/11

INFORMATION

During the October 25, 2011 Council Meeting, Councilmember Rocha asked the Airport Staff for information on the timing of the negotiations with Clear Channel Advertising and how often the Airport staff is meeting with them.

The Clear Channel 3rd Amendment was dropped from the Council Agenda due to receipt of Clear Channel's October 14 letter that again requested to restructure the Agreement and reduce the Minimum Annual Guarantee (MAG) even further than we already have. The City has provided Clear Channel with \$4,297,349 in financial relief and we offered to provide an additional \$296,000 in savings by consolidating their capital investment requirements and offering them free office space that would normally carry a charge of \$64,879 per year. It's important to note that Clear Channel set their financial responsibilities under this contract through a bidding process, fully aware of the business risks. In other words, it was not the City that set the MAG and other financial requirements but, rather, Clear Channel. Additionally, as a self-sufficient enterprise operation, the Airport would have to shift any further financial relief granted to Clear Channel to other airport tenants, something staff believes is not appropriate given the circumstances.

During the negotiations with Clear Channel, the parties (Clear Channel and Airport staff) agreed to these concessions on the belief that Clear Channel was satisfied with them and would not seek further reductions. After receiving Clear Channel's October 14 letter it became clear that was not the case. We have written a response to Clear Channel explaining our position.

Staff is in regular contact with Clear Channel. Clear Channel typically comes to the Airport a couple of times a year to meet in person to discuss their concerns with the MAG and request

HONORABLE MAYOR AND CITY COUNCIL

November 7, 2011

Subject: Response to Council Referral 10-25-11-2.7 on Clear Channel

Page 2.

financial relief. The last meeting was on March 9, 2011. We are certainly available to meet more frequently, but this is all that Clear Channel has requested. We have always had an open dialog and will continue to do so.

/s/

William F. Sherry, A.A.E.
Director of Aviation

For questions, please contact Kim Aguirre at 408-392-3620.

Attachments: Letter to Clear Channel dated November 4, 2011
Letter from Clear channel dated October 14, 2011

NORMAN Y. MINETA
SAN JOSE
INTERNATIONAL
AIRPORT



SILICON VALLEY'S AIRPORT

November 4, 2011

Toby Sturek
President
Clear Channel Airports
4635 Crackersport Road
Allentown, PA 18104

Dear Toby:

In response to your letter dated October 14, 2011, in which you again requested to restructure our agreement, I simply cannot provide you with additional financial relief. I believe that I have addressed your concerns in my previous letter to you dated August 3, 2011, but I want to respond to your latest letter.

The current economic state of this country has been a surprise to most observers and the result at SJC has been reduced flights and passengers. This has impacted the bottom line of concessionaires and the Airport. The Airport has taken drastic steps by cutting its staff in half and requiring that remaining employees take significant reductions in pay. We are not in a position to provide you with additional financial relief.

Please remember that the Airport has already provided Clear Channel with \$4,297,349 in financial relief and the City has offered to provide you with an additional \$296,000 in savings by consolidating your capital investment requirements and providing you with office space free of charge that would normally rent for \$64,879 per year. This is contingent on you not pursuing any further MAG reduction. This will bring your total financial relief to almost \$5 million, a significant amount that the Airport was not obligated to offer and much greater than any temporary relief provided to the food & beverage and retail concessionaires in Terminal A+.

The City has provided Clear Channel with premium advertising sites, many of which remain undeveloped and underutilized. In addition, we amended the agreement to provide Clear Channel with new advertising sites without a corresponding increase in MAG and without a minimum capital investment requirement. We believe that these additional sites are more than adequate to compensate Clear Channel for any lost advertising opportunities that may have resulted from the temporary inactivation of the six gates in Terminal A+, and we hope that you will take advantage of these opportunities.

November 3, 2011

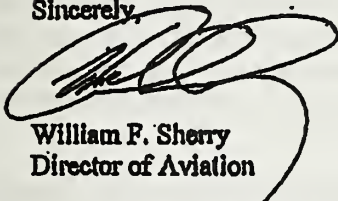
Page 2

The current gate capacity in Terminal A+ will allow for expansion by existing airlines and provide space for new and relocated airlines. Due to the growth of Alaska Airlines, and the unbalanced passenger traffic between the terminals, I expect that Delta Airlines will relocate to Terminal A+ in the next few months. Based on the previous 12 months, that will bring an additional 460,000 total passengers to Terminal A+ when combining Delta Airlines and its affiliates.

While the closure of the American Airlines lounge was disappointing to both you and the Airport, the lounge is not a condition of our agreement. However, you should be aware that we have begun working with an architect to design a new common use lounge. In addition, one existing domestic airline and one potential international airline have expressed interest in exclusive lounges of their own.

As always, thank you for your continued understanding and cooperation. Should you have any questions or would like to discuss these issues further, please feel free to contact me.

Sincerely,



William F. Sherry
Director of Aviation

Cc: Mayor Chuck Reed
City Council
Kim Aguirre



**ClearChannel
AIRPORTS**

4635 Crackersport Road, Allentown, PA 18104
T 610.395.8002 Toll Free 800.628.6800 F 610.395.4460

RECEIVED

OCT 17 2011

**Director of Aviation
San Jose Intl. Airport**

October 14, 2011

Mr. Bill Sherry
Director of Aviation
San Jose International Airport
1701 Airport Boulevard, Suite B-1130
San Jose, CA 95110-1208

Dear Bill,

I was disappointed to receive your letter dated August 3, 2011, declining my request to grant Clear Channel Airports (CCA) MAG relief consistent with other concessionaires as a result of the gate closures in terminal A+,

In your letter, you indicate that, unlike HOST, CCA was offered substitute concession space in other locations. Unfortunately, although CCA was offered additional locations, that does not rectify the situation. In fact, what has occurred as a result of the compressed traffic flow is advertisers can now reach the same number of passengers by purchasing less signage. Unlike Food and Beverage concessions, advertising does not take money directly from passengers. Duplicating locations in the same area only cannibalizes existing advertising revenue streams. Additionally, relocating inventory does not resolve the fact that we are expected to continue paying rent in an area that the airport has reduced weekly flights from 147 to 14 or 88%.

In our concession agreement dated July 1, 2007, CCA is contractually obligated to pay a MAG for each individual sign location. If the reduction in flights and closure of gates impact the area of which these signs are located, how can we possibly be expected to pay rent at 100% when traffic has declined 88%? The attached map illustrates the number of advertising locations impacted by the gate closures. In this particular space, CCA pays a total annual lease cost of \$1.2 million. To add to the matter, American Airlines closed their VIP lounge in Terminal A+ and has no plans to relocate this prestigious space. The American Frequent Flyers are a highly sought after demographic which attracts the national advertiser. This area is essential to our sales packaging across all terminals. The loss of this particular space only magnifies our problem beyond the value of the MAG. In fact, the loss of this space impacts our total advertising sales program at SJC.

In April 2011, we offered the airport a proposal to restructure the contract that included a \$10 million one-time lump-sum payment. Assuming we were able to restructure the contract under those terms, the closure of gates in terminal A+ would not be an issue. However, that proposal was simply denied. In fact, in both cases, there was no negotiation or dialogue from airport staff as to how a deal could be structured.

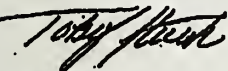
Bill, I respectfully request that this matter be seriously considered. I also request that you and your team consider an open dialogue with me to amicably resolve this matter. As proposed in my letter dated July 19, 2011, I am

clearchannelairports.com

readily available to meet directly with you and your team to resolve this matter expeditiously.

Thank you in advance for your time and consideration.

Respectfully,

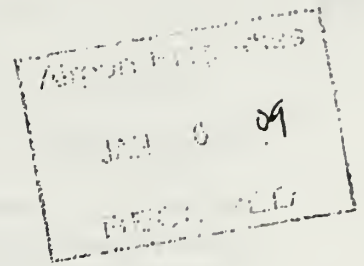


Toby Sturek
President, Clear Channel Airports

cc: Kimberly J. Aguirre, Chief Operating Officer, SJC Airport
Mayor Chuck Reed
Pete Constant, City Council, District 1
Ash Kalra, City Council, District 2
Sam Locardo, City Council, District 3
Kansen Chu, City Council, District 4
Xavier Campos, City Council, District 5
Pierluigi Oliverio, City Council, District 6
Vice Mayor Madison Nguyen, City Council, District 7
Rose Herrera, City Council, District 8
Donald Rocha, City Council, District 9
Nancy Pyle, City Council, District 10
Jerry Strangle, Strangle Properties

OAKLAND INTERNATIONAL AIRPORT

December 30, 2008



Mr. Steve Grossman
Director of Aviation
Port of Portland
530 Water Street
Oakland, CA 94607

RE: Advertising Concession Contract

Dear Mr. Grossman,

As you are aware, Alliance Airport Advertising participated in the spring 2008 advertising RFP for Oakland International Airport. Alliance held the highest scores in all categories except one (guaranteed payment to the Port) and in fact, averaged the highest score overall by the Evaluation Committee.

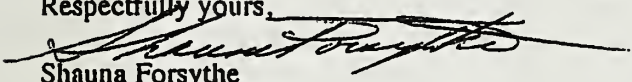
Alliance foresaw the challenges coming in the airline industry and the financial markets. We bid a Minimum Annual Guarantee based on this belief. We did comply with the 50/50 revenue share, and all other components of the RFP. Our track record in other airports proves that with only one exception, we generate far more revenue in our splits than is required in a MAG.

As the final scores were tight, and though Alliance had the higher score overall, the Committee felt that our nearest competitor, Clear Channel Interspace, must be awarded the contract solely because of the guaranteed payment (MAG) offered the Port. We did not protest the award out of respect for OAK and the factors affecting your decision.

We are aware that passenger counts have reduced significantly at OAK during the past few quarters. True to our belief, the airport and airline industries, and the overall economy have weakened significantly.

We write today to advise that, if the Port or Airport is asked to reconsider the MAG due and payable by Clear Channel Interspace, we request the entire contract be reconsidered. This is especially significant in light of Alliance's overall performance in every other category within the RFP. It would be unfair to allow Clear Channel/Interspace to reduce or change the payments under the terms of this agreement when Alliance was penalized only for a lower guaranteed MAG.

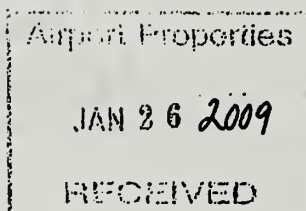
Respectfully yours,


Shauna Forsythe
President & CEO

cc: Skip Conrad, Mgr, Airport Properties
Janet Deutch, Concession Manager, Airport Properties

January 19, 2009

Mr. Marcel E. Conrad, III
Airport Properties Department
Oakland International Airport
9532 Earhart Road, Suite 201
Oakland, CA 94621



RE: Request for Delayed Payment of Minimum Annual Guarantee

Dear Skip:

Due to many design revisions and continuing delays in the approval of Clear Channel Airports' display advertising fixture program installation at Oakland International Airport, we respectfully request that the Port of Oakland allow for a temporary delay in the payment of the monthly installments of the Minimum Annual Guarantee, which were scheduled to begin upon the installation of our display inventory program, or January 1, 2009, whichever came first.

Over the past five months, we have submitted several sets of plans and detail drawings to your staff, yet we are still awaiting final approval of said plans and the appointment of a Port of Oakland Project Manager. These approvals and appointments will allow us to begin fabrication of our displays, as well as our final engineering and permit drawings, so that we would be able to install new electrical connections, ship and install all units in time for an early April '09 Install.

I have attached a time line of activities and meeting notes to illustrate that we have contributed our best efforts in getting all of the design comments and changes completed and to your office for final review and approval. If further delays are encountered and unless we can not start building anything, the potential install date will move accordingly.

The request for the delay in the MAG payments comes from the fact that without the installation of our new program, we simply cannot sell those inventory locations to our potential clients, and in turn, pay either a percentage of those sales as rent to the Port of Oakland as an off-set or overage to our monthly Minimum Annual Guarantee installment. As it stands today, due to the delays in approvals and installation of our new, custom-built OAK program, we have already had to delay new billing rates and contracts from clients we had assured would begin on January 1, 2009. Coupled with the extreme downturn in advertising across all markets, including the airport advertising market, the delay in the start of the OAK program as we presented in our RFP response leads us to make this unusual request.

I hope you can understand our predicament and can speed along the approval process. I am more than willing to discuss several options by which the MAG can be paid to the Port of Oakland, and invite you to contact me with any questions, comments or concerns. Thank you for your willingness to consider our request.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Riley", with a stylized flourish at the end.

Michael Riley
President

TJS:sh

cc: Toby Sturek
Sam Hart
Meredith Haggerty

MEMO



Timeline of Design Submittals, Reviews and Comments

- May 6, 2008: Contract Award to Clear Channel;
- June 16-27, 2008: Field Survey by CCA to develop submittal plans for Airport Design Review Committee;
- July 29, 2008: Meeting with OAK Design Review Committee to discuss for approval all location plans and inventory types; meeting notes provided to OAK staff on August 1, 2008; comments returned from OAK staff on August 1, but no formal approval-to-proceed provided;
- September 23, 2008: CCA provided, via e-mail, the OAK Design Review Committee with revised plans covering comments from the July 29th DRC meeting; staff response received on October 13, 2008, setting another follow-up presentation with the DRC for October 21, 2008;
- October 21, 2008: Second DRC meeting was held at OAK and we received approval on bag belt LCD cabinets, FreeCharge stations and partial approval on Recycle Unit Dioramas and Directories. DPASS units required another round of design adjustments subject to further review;
- November 18, 2008: CCA provided a third design submittal of the DPASS units;
- November 25, 2008: OAK staff returns comments via e-mail regarding the DPASS units, asking for a fourth revision to the design;
- November 26, 2008: CCA submits, via e-mail, proposed layout of text and openings on the Recycle Diorama and Directory units; comments received by OAK staff via phone on November 27th;
- November 28, 2008: CCA submits, via e-mail, fourth design revision for OAK staff approval of the DPASS displays; comments received from OAK staff on December 7, 2008 via telephone conversation;
- December 13, 2008: CCA submits, via FedEx, final design plans, location plans and all associated site photo renderings encompassing all OAK staff and DRC comments; no approvals/responses or further comments have been received by CCA as of January 12th;
- January 12th: Phone conversation with OAK staff requesting approvals and updating CNN installation and data inspection team to be in OAK on 1/13/09 to finalize plans/drawings/routings for digital component submittal; OAK staff comments that they agreed they owed CCA approvals and would be forthcoming, but with no time-frame provided.
- January 14th: CCA receives bag deck plastic-laminate color information; still waiting on recycle station graphics approvals, as well as confirmed written approval on the DPASS submittals.



PORT OF OAKLAND

Via Electronic Mail

February 27, 2009

Clear Channel Outdoor Inc.
dba Clear Channel Airports
555 12th Street, Suite 950
Oakland, CA 94607
Attention: Michael Riley (mriley@clearchannel.com)

Re: Request for Delayed Payment of Minimum Annual Guarantee (MAG)

Dear Mr. Riley:

Thank you for your letter of January 19, 2009. We have reviewed your request with the Director of Aviation and he concurs with the following response.

Unfortunately, the Port can not delay the commencement of the Minimum Annual Guaranty (MAG) beyond January 1, 2009, the date stated within the lease. As you may know, the decision to award this concession opportunity to Clear Channel Airports (CCA) was extremely close; in fact the overriding reason to make the award to CCA specifically was the amount of the guaranteed rent. To modify or alter that consideration after the award is patently unfair to proposers who offered a lower MAG based on the degree of acceptable risk, but were otherwise rated higher in the Request for Proposals process. Further, we have yet to receive your proposed and agreed MAG for January and February 2009; please remit those amounts upon receipt of this letter.

Regarding CCA's claim that the Port's processes resulted in a delay, we dispute that assertion. First, the design revisions and perceived delays in approval are mostly the result of CCA's submittal of designs that differed from those submitted in the proposal and CCA's expectation of a formal approval notification. In fact, approvals were given both verbally by the design review committee and via e-mail for the designs submitted to date. Until we received your letter, we were unaware of any ambiguity regarding the approval of submitted designs and improvements with a resultant delay in fabrication. [It should be noted that designs have not yet been submitted for the LCD screens or the Information Booth.] Second, formal design reviews of concessionaire improvements are common practice at large U.S. airports. In fact, the lease in Sec. 2.4 specifically notes that a design review is required. And Sec. 1 states in part: "Permittee waives any rights now or hereafter conferred upon it... to receive any abatement, diminution, reduction or suspension of payment of Rent."

Third, CCA's contract commenced July 1, 2008. A large number of displays making up almost half the program were not subject to Design Review (Moss banners, wall wraps and floor

Clear Channel Airports

Request For Delayed Payment of Minimum Annual Guarantee (MAG)

February 27, 2009

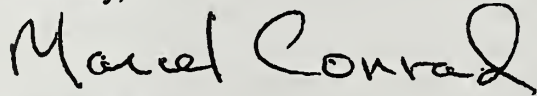
Page 2

adhesives). These displays could have been installed as early as July 1st but not one single display of this type appears to have been marketed or sold. Finally, gross receipts are markedly down from the prior program, which is extremely disappointing.

As a last comment, the first installment of the MAG was due January 1, 2009 and is deemed late January 10, 2009. In light of your letter, the Port will consider removing any late penalties associated with full payment of the MAGs for January and February if payment is promptly made.

If you have any questions, I am most willing to discuss this further. I am at (510) 563-3674. I remain,

Sincerely,



Marcel E. Conrad

Manager of Aviation Properties

cc: Steven J. Grossman, Director of Aviation
Toby Sturek (tobysturek@clearchannel.com)
Sam Hart (samhart@clearchannel.com)
Meredith Hegarty
Janet Deutsch



April 16, 2009

Omar Benjamin
Executive Director
Port of Oakland
530 Water Street
Oakland, CA 94604

Dear Omar:

Thank you for taking the time to meet with us last week. We appreciated the opportunity to discuss our situation with both you and Steve and look forward to arriving at a solution that is mutually beneficial.

John Moyer's phone conversation with Steve on this matter a week or so prior to our meeting last week had already prompted us to earnestly explore and analyze what our best options might be and we want you to know that we came into our meeting with you having already given the situation a great deal of thought. Your participation and perspective, however, was very useful in helping us reach further toward finding an acceptable solution. We want to work with you to develop a program that will flourish and become the best that it can be for the Port of Oakland and us.

As we discussed, there are a number of dynamics at play. Some have been within our mutual control and some have been situations over which we have no control at all. Unfortunately, these dynamics all came together to create what seemed to be an insurmountable obstacle to our launching an advertising program that would deliver the level of results we both envisioned at the onset of our relationship. In our meeting, Steve articulated well the extremely harsh turn that the economy took just as we were selected to lead this program. He outlined the very depressing reality worldwide that has hit California, Oakland, and the advertising industry particularly hard. Steve also astutely framed the well-known historic challenges of marketing advertising at Oakland International Airport considering the many other media options available in the area, the competing venues that exist, and the media pricing depression currently underway in the industry.

I think we all recognize and agree that both our "A" team efforts are needed to help insure the kind of success we envision. We became aware, via numerous communications with some of the Airport staff that were involved in the selection process and are also involved in our day-to-day management, that they did not want nor would they support Clear Channel Interspace Airports active participation in local sales support. This did prove to be a hindrance and it is an obstacle we are extremely pleased to now have cleared. Clear Channel Interspace Airports is a valuable player on the "A" team that was established by Clear Channel Airports and their participation with us was expressly set forth in our proposal and original response to the RFP. We are pleased that both you and Steve see the benefit of full participation by Interspace.

These are the factors that we believe have challenged our ability to effectively launch the new advertising program. Having now a clear understanding and agreement on these fundamental issues, we are prepared to move ahead in a way that allows Clear Channel Airports to begin installation of the investment we discussed. We are ready to employ the full service of the original team we proposed and that was selected by the Board.

Having listened carefully to your expectations, we wish to make the following response:

The Port clearly wants and expects the best financial offer and we have made every effort to offer the maximum possible and still provide a sustainable business model and the level of service both Clear Channel and the Port expect.

Minimal Annual Guarantee:

<u>Year</u>	<u>MAG proposed at our meeting</u>	<u>Revised MAG offer per our meeting</u>
1	\$250,000	\$300,000
2	\$250,000	\$350,000*
3	\$500,000	\$500,000*
4	\$650,000	\$650,000*
5	\$650,000	\$650,000*
6	\$650,000	\$650,000*
7	\$650,000	\$650,000*
8	\$650,000	\$650,000*
9	\$650,000	\$650,000*
10	\$650,000	\$650,000*

*Current agreement is that the MAG gets increased (but not decreased) to 70% of previous year's percentage payment if that payment is higher than the pre-established MAG for that year. We are willing to increase the MAG to 85% of previous year's percentage payment so the MAG can rise earlier and faster as we hopefully begin to see the economy respond.

Capital Investment:

\$1,200,000

Percentage Payment:

50% for year one moving to 60% for all following years.**

**The current agreement is for 50% across the entire 10 year term unless gross receipts exceed \$2,000,000 then it would increase to 55%. We are prepared to automatically increase this percentage payment to 60% after year one for the remaining term of the agreement. Again this will allow for larger payments faster to the Port.

As you will see, we increased our MAG schedule from our meeting with you and modified both the MAG increase mechanism and percentage payment to reflect terms that are actually better and more lucrative than the existing terms in the current agreement. This will allow the Port to benefit greatly and have much more up-side quicker when the economy does come back while creating a viable business solution to move forward now. One thing for certain is that it is good for the Port and a dramatically better financial package than what is available on the market. It also offers more than any other proposals that were submitted at the time of the RFP. In fact, the combination of the proposed MAG exceeds Alliance's offer by **\$1,700,000** and capital exceeds Alliance's by **\$550,000** for a total of **\$2,225,000**. It should also be considered that these improvements are ready to go immediately.

The Port wants national and local sales capability:

Only the team of Clear Channel Airports and Clear Channel Interspace Airports has a national sales network and local/regional sales resources. No other company exists that can represent Oakland International as effectively on the **national** and local/regional media scene and this will be a large benefit as the economy turns.

The Port wants a local presence and national reach:

Clear Channel Airports has a long-established office in Oakland and a staff of four in the Bay area. Additionally, we have some 80 airport advertising specialists located around the Country in the major media buying centers. Clear Channel Outdoor and its predecessor companies have had an office in Oakland for 44 years and currently have a local staff of 79.

The Port wants improvements in technology and design:

Clear Channel was the only proponent to include the CNN Airport network in our proposal and, partnering with CNN, we delivered what has been a very well received effort free of charge. This is a large capital and operational expense that CNN usually charges for in airports the size of Oakland. Additionally, as you know, we have **\$1,200,000** of capital investment ready to go. This large capital investment includes but is not limited to the following:

- A new T1 volunteer visitor center
- Two Digital Passenger Service Systems with six touch-screens and Mobile Media.
- Ten 57" multi-use LCDs on the bag-belts
- Three 65" multi-use LCDs at security check points
- 11 sponsored recycle stations
- Two FreeCharge sponsored work stations

Omar Benjamin, Executive Director
April 16, 2009
Page 4 of 4

We remain committed to the success of this program and look forward to hearing from you soon. Time is of the essence as we have 17 existing clients that have already contracted space into the new digital displays that are pending installation and any more delay or change of plans will easily hold up revenue flow and the effective launch of a new ad program for another year. We are prepared to move forward with any necessary next steps that will advance these discussions in the most expeditious timeframe. Thank you again for your interest and participation.

Very truly,

A handwritten signature in cursive script that reads "Toby Sturek /m/n".

Toby Sturek
CFO, CCA/CCLA

cc: Steve Grossman

TS/mln



August 3, 2009

Marcel Conrad
Manager of Properties
Port of Oakland - Oakland International Airport
9532 Earhart Road, Suite 201
Oakland, CA 94621

Dear Mr. Conrad:

Thank you for taking the time to participate in the meeting between representatives of the Port of Oakland (Port) and Clear Channel Airports (Clear Channel) on July 27, 2009. This was much needed after the months of negotiation effectively brought on by the drastic and severe economic downturn that started in the second half of 2008. We thought the meeting and Airport tour was very positive and productive. Your input was insightful and will be taken to heart. We look forward to working closer with you and the rest of the staff at Oakland International Airport through this very challenging economy.

I am sending this letter as a formal request to amend our permit according to what was discussed during our meeting, the terms which are outlined as follows:

1).

Year	Proposed MAG	Current MAG
1.	\$850,000	\$ 850,000
2.	\$850,000	\$ 850,000
3.	\$850,000	\$ 850,000
4.	\$850,000	\$ 900,000
5.	\$850,000	\$ 900,000
6.	\$850,000	\$ 900,000
7.	\$850,000	\$ 950,000
8.	\$850,000	\$ 950,000
9.	\$900,000	\$ 950,000
10.	\$900,000	\$1,000,000

2). Increase the Airport's current percentage payment from 50% to 60% of sales starting immediately and being effective for the life of the agreement.

3). Delete any restrictions on Clear Channel owned entities cooperating on the project.

This plan will keep the MAG the same in the early years of the contract and during the current economic downturn while also giving the Port quicker access to potential incremental revenue with a higher percentage payment in better times. This concept retains a large multi-million dollar advantage to the Port over all other past proposals. It also allows us to apply all of Clear Channel's best resources to your airport advertising program.

Marcel Conrad, Manager of Properties
August 3, 2009
Page 2 of 2

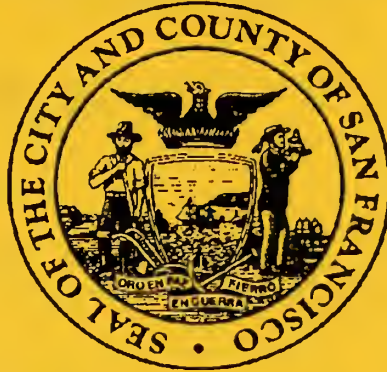
We hope you can present this at the September 2, 2009 Aviation Committee meeting and in turn the September Board meeting. Please don't hesitate to contact me with any questions.

Thank you and kind regards,

A handwritten signature in black ink, appearing to read 'John Moyer', with a long, sweeping horizontal stroke extending to the right.

John Moyer

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

November 20, 2012

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

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**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
November 20, 2012

CALENDAR AGENDA			RESOLUTION	
SECTION	ITEM	TITLE	NUMBER	PAGE
A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES:		
		Special meeting of October 30, 2012	12-0251	4
D.		SPECIAL ITEM:		
	1.	Election of Officers	12-0252	
	2.	Retirement Resolution - Randall Swanson	12-025	4-5
E.		ITEMS INITIATED BY COMMISSIONERS:		5
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE		
	3.	Modification No. 6 (Trade Bid Package Set 4B) to Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction	12-0254	5-6
	4.	First Amendment to Terminate Aircraft Services Intn'l, Inc. Boarding Area D Hydrant Fuel System Agreement	12-0255	6-7
	5.	Approve Fuel Asset Transfer Agreements with Certain Airlines	12-0256	7
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	6.	Software Maintenance Support Services Agreement - Intergraph Corporation	12-0257	7-8
	7.	Modification No. 1 to PSC 9016 - Strategic Planning - LeighFisher, Inc.	12-0258	
		Modification No. 2 to PSC 8987 - Airport Management & Financial Services Re Bond Feasibility Work - LeighFisher, Inc.	12-0259	8
	8.	Lease Amendment No. 1 - Pelican Communications Pay Phones Lease 09-0229	12-0260	8-9
	9.	Lease Amendment No. 1 - Pelican Communications Pay Internet Lease 10-0055	12-0261	9
	10.	Modification No. 2 to Exercise One-Year Option to		

	Extend Arbitrage Rebate & Investment Advisory PSC 9010 - Bond Logistix	12-0262	9
11.	Assign Terminal 3 Newsstands and Specialty Store Lease 07-0100 and Terminal 2 Newsstands, Coffee, & Specialty Stores Lease 10-0232 from Host Intn'l, Inc. To World Duty Free Group North America, LLP	12-0263 12-0263A	9
12.	Approve July 1, 2012 Commencement of: Contract 9239 with San Francisco Travel Assn. Contract 9270 with Hill + Knowlton Strategies	12-0264 12-0265	10
H.	NEW BUSINESS:		10
I.	CORRESPONDENCE:		10
J.	CLOSED SESSION:		10
K.	ADJOURNMENT:		10

AIRPORT COMMISSION MEETING MINUTES

November 20, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President

Hon. Linda S. Crayton, Vice President arrived at 9:15 am

Hon. Eleanor Johns

Hon. Richard J. Guggenhime

Hon. Peter A. Stern

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of October 30, 2012 were adopted unanimously.

No. 12-0251

* * *

D. SPECIAL ITEM:

Item No. 1 was approved unanimously.

1. Election of Officers

No. 12-0252

Commissioner Crayton nominated Commissioner Mazzola as President.

Commissioner Guggenhime seconded the nomination.

Commissioner Guggenhime nominated Commissioner Crayton as Vice President and the motion was seconded by Commissioner Stern

Item No. 2 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Retirement Resolution - Mr. Randall Swanson

No. 12-0253

Resolution thanking Mr. Randall Swanson for thirty-three years of dedicated service and best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said that Randy is retiring as Landscape Manager after an outstanding 33-year career with the Airport. Randy should feel proud of the

improvements that have been made during his tenure. His efforts, and the great team he built, made SFO second to none among US airports. As an example of Randy's dedication, his group designed a small park in Courtyard 1 to benefit employees. It's an outdoor space where employees can have lunch and get some fresh air. I stopped by one day when it was under construction with 5 or 6 landscapers working on the site, and there was Randy doing the most back breaking work of all of the employees. That exemplified his dedication and leadership. We thank Randy for his outstanding contribution to the Airport.

Commissioner Mazzola congratulated Mr. Swanson.

Mr. Randall Swanson thanked the Commission. This is quite an honor. I'm very proud to have worked at the Airport for 33 years. It's been just a pleasure working with the staff and the management. It's very simple to work at SFO. The management gives clear and concise directions. They make sure we have the staff, budget, and materials, and the rest is simple. We just carry it out.

Commissioner Mazzola asked if that's true of the City in general.

Mr. Swanson said I don't know about the City, but that's the Airport. It's a very simple proposition to follow directions and try to make the place look better.

The Commissioners congratulated Mr. Swanson and thanked him for his service.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Modification No. 6 (Trade Bid Package Set 4B) to Contract 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - \$1,845,121

No. 12-0254

Resolution adding Trade Bid Package Set 4B to Contract 9015A, Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Co. in an amount of \$1,845,121, for a new total contract amount of \$28,668,326.

Mr. Ivar Satero, Deputy Director, Design and Construction said that Trade Bid Package Set 4B provides for the reinforcing steel scope of work for the foundation and slab concrete structures. In accordance with the Administrative Code, the contractor competitively bid this trade bid package to a minimum of three

prequalified bidders. The low bid is significantly different from the Engineer's estimate. We performed a diligent review and determined that the bid versus estimate spread is primarily attributable to the impact of the selection of Auger Pressure Grouted Piles (APGP) added to the contract under a previous modification. The selection of this alternate pile technology caused a significant increase in the amount of reinforcing steel required to engage the piles with the foundation and slab concrete structures. The spread is also a result of the scope creep which occurred between the 45% design documents and the documents issued for bidding. The estimate did not take into consideration the increased scope due to further design definition. The significant additional steel in the concrete cast in place work realized a savings of \$1.5 million with the award of that pile package, however, we didn't accommodate that in the estimate.

Staff has reviewed the design for any other potential cost impacts as a result of the selection of APG and concludes that no other cost impacts should be encountered in future bid scope. The original net savings from the APGP selection is reduced from \$1.5 million to \$818,000. We've reviewed the bid and it appropriately reflects the required scope of work. With this bid we also reassessed the cost forecast based on economic conditions based on the reconciliation of the 45% design estimate to the current state of the documents and our cost at completion is \$90.8 million, a \$1.2 million increase from the last modification authorization presented. To protect the budget, we go through our process of preparing alternative types of solutions in future trade bid packages so to ensure that we can always protect the budget, we may be selecting alternates in the future trade packages that help reduce costs. We're bidding a lot of work over the next two months so the risky scopes of work, particularly electrical engineering, gets bid and that will define the forecast for us. We're confident we will be able to meet the budget and we continue to maintain all appropriate cost contingencies for the stage of implementation. Given the Federal funding component, Hensel Phelps was encouraged to use best faith efforts to achieve 10% local, small and disadvantage business participation and they committed to achieving 10.4%.

Item Nos. 4 and 5 were called together and by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

4. First Amendment to Termination of Aircraft Services International, Inc. Boarding Area D Hydrant Fuel System Agreement with Reimbursement of \$826,200

No. 12-0255

Resolution approving the First Amendment to the Termination of Aircraft Services International, Inc. Boarding Area D Hydrant Fuel System Agreement relating to the termination payment of \$826,200.

Ms. Denise Martinez, Acting Deputy Director, Business and Finance said that this item is the Hydrant Fueling System that surrounds Boarding Area D that was constructed, maintained, and operated by Aircraft Service Int'l, Inc. (ASII) under a 30-year agreement that commenced in 1981. Airline operations ceased in Terminal 2 in December 2000 when the carriers moved to the new International Terminal, and the ASII agreement was subsequently terminated by Commission approval. As

part of that termination agreement, SFO Fuel, a consortium of the airlines, paid ASII an amount close to \$1.2 million, which we refer to as the termination payment, for capital improvements that were done around Boarding Area D, and it was on the condition that future airline tenants in that boarding area reimburse SFO Fuel. Terminal 2 reopened in April of 2011, and in July 2011 the new Lease and Use Agreement (LUA) took effect. Under the new LUA we have a preferential gate structure that reallocates gates annually, rather than the old exclusive use gates. Because these gates are reallocated every year it is no longer equitable to require the airlines to reimburse SFO Fuel. This amendment of the termination agreement will relieve the airlines (currently American and Virgin America) of that obligation to reimburse SFO Fuel, and transfer that obligation to the Airport. The payment amount of \$826,200 reflects a net present value of the termination payment.

5. Approval of Fuel Asset Transfer Agreements with Certain Airlines

No. 12-0256

Resolution approving Fuel Assets Transfer Agreements with American, Delta, Japan, and United Air Lines to add hydrant segments at Boarding Areas C, E, and F and the North Field Cargo Area (Plot 50B) to the Airport's fuel system.

Ms. Martinez said this involves transferring certain fuel assets constructed by airlines at terminal boarding areas C (Delta), E (American) and F (United), and the North Field Cargo area (Japan Airlines) under a 30-year ground lease. The airlines installed and operated these systems under exclusive use agreements, but with the change from exclusive use to preferential use, the Airport and airlines have agreed to transfer these assets to the Airport. The fueling system will be operated by SFO Fuel on behalf of the airlines and this will bring the last of the fueling system segments under one agreement for maintenance, operations, and improvements.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 thru 12, was moved by Commissioner Guggenheimer and seconded by Commissioner Johns. The vote to approve was unanimous.

6. Software Maintenance Support Services Agreement - Intergraph Corporation - \$930,000

No. 12-0257

Resolution approving Software Maintenance Support Services Agreement with Intergraph Corp. to provide Help Desk service for the Computer Aided Dispatch systems in the Communications Center and SFPD-Airport Bureau for a five year term beginning retroactively to July 1, 2012 thru June 30, 2017, in an amount not to exceed \$930,000.

Commissioner Stern asked if the delay was due to negotiations around limitation of liability.

Mr. Jeff Littlefield, Deputy Director, Operations and Security replied that it was, and also putting the information together, the RFP, and so forth. There was some disagreement about the limitation of liability and that has since been resolved.

Commissioner Stern said that this appears to be a renewal of the support contract, and asked what changed to drive this 3 ½ month negotiation

Mr. Littlefield replied that there was some disagreement with some of the boiler plate language. It was eventually worked out over the three month period.

Mr. Martin asked if there was a change in the boilerplate.

Ms. Sheryl Bregman, Airport General Council wasn't involved in the negotiations but understood that initially Intergraph requested changes to standard language they had agreed to for years, such as indemnification and limitation of liability, basic insurance requirements. First, they suggested that they would not issue a new insurance certificate, but finally agreed to do that. We worked out new limitation of liability language, which was a bit of a concession on the Airport's part, but I don't think it changes the protection for the Airport. That was worked out by staff.

Commissioner Stern asked if that was finalized yesterday.

Mr. Littlefield said it was Friday.

7. Modification No. 1 to Professional Services Contract 9016 for Strategic Planning - LeighFisher Inc. - Increase Total Not-To-Exceed Contract Amount by \$65,000
Modification No. 2 to Professional Services Contract 8987 for Airport Management and Financial Services Related to Bond Feasibility Work - LeighFisher, Inc. - Six Month Time Extension Only

No. 12-0258	Resolutions approving Modification No. 1 to Professional Service Contract 9016 with LeighFisher Inc. to increase the not-to-exceed three-year contract amount by \$65,000 for Strategic Planning, from a total amount of \$585,000 to \$650,000; and,
No. 12-0259	Modification No. 2 to Professional Services Contract 8987 with LeighFisher, Inc. to extend contract term for six months with a new contract expiration date of Aug. 28, 2013.

8. Lease Amendment No. 1 to Pelican Communications, Inc.'s Pay Phones Lease No. 09-0229

No. 12-0260	Resolution approving Amendment No. 1 to Pay Phones Lease No. 09-0229 with Pelican Communications, Inc. lowering the percentage rent from 55% to 20% of gross revenues.
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Commissioner Johns asked how many pay phones we have.

Ms. Cheryl Nashir, Associate Deputy Director, Revenue Development and Management, replied that there's just not a lot of usage. We have to maintain them as an amenity, but it's not a good deal for anyone under the current terms.

Commissioner Johns asked how many we have in each terminal.

Ms. Nashir replied that we have less than 300 payphones throughout the Airport.

Commissioner Johns said she will look around for them.

Commissioner Mazzola asked how many payphones did we have.

Mr. Martin replied that he thought we had over a 1,000 at one time.

9. Lease Amendment No. 1 to Pelican Communications, Inc.'s Pay Internet Lease No. 10-0055

No. 12-0261 Resolution approving Amendment No. 1 to Pay Internet Lease No. 10-0055 with Pelican Communications, Inc. waiving the minimum annual guarantee for the remainder of the lease term.

10. Modification No. 2 to Exercise a One-Year Option to Extend Arbitrage Rebate and Investment Advisory Professional Services Contract No. 9010 with Bond Logistix, LLC, and Establish Funding Through the Remainder of the Contract

No. 12-0262 Resolution approving Modification No. 2 to exercise a one-year option to extend the Airport's Arbitrage Rebate and Investment Advisory Contract with Bond Logistix, LLC thru Sept. 30, 2014, and authorize use of \$324,525 in previously approved compensation to fund services through completion of contract.

11. Assignment of the Terminal 3 Newsstands and Specialty Store Lease No. 07-0100 and Terminal 2 Newsstands, Coffee, and Specialty Stores Lease No. 10-0232 from Host International, Inc. to World Duty Free Group North America, LLP

No. 12-0263 Resolutions consenting to Assignment of Terminal 3
No. 12-0263A Newsstands and Specialty Store Lease No. 07-0100
and Terminal 2 Newsstands, Coffee, and Specialty
Stores Lease No. 10-0232 from Host International,
Inc. to World Duty Free Group North America, LLP.

12. Approving July 1, 2012 Commencement of Contract 9239 with the S.F. Travel Assoc. and Contract 9270 with Hill+Knowlton Strategies and Ratifying Action Taken by Staff from July 1, 2012 to Sept. 17, 2012, with Respect to These Two Contracts

No. 12-0264

No. 12-0265

Resolutions approving July 1, 2012 commencement of Contract 9239 with S.F. Travel Assoc. and Contract 9270 with Hill + Knowlton Strategies and ratifying action taken by staff from July 1, 2012 thru Sept. 17, 2012 with respect to the contracts. The not-to-exceed amounts for each contract remain unchanged.

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

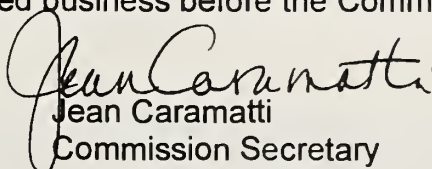
In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:20 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

December 18, 2012

9:00 A.M.

8/12
Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

EDWIN M. LEE, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
December 18, 2012

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	2.	Sole Source Contract 8762B - RSA Engineered Material Arresting System Material Procurement - ESCO	12-0267	5-6
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G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	5.	RFQ/P for Contract 8497CA - Design-Build Services For Industrial Wastewater Treatment Plant	12-0270	8
	6.	Bid Call - Contracts 9082A and 9082B - Job Order Contract Construction Services	12-0271 12-0272	8
	7.	Bid Call - Contract 8519A - Boarding Area G A380 Improvements, Phase A	12-0273	8
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AIRPORT COMMISSION MEETING MINUTES

December 18, 2012

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime

Absent:

Hon. Linda S. Crayton, Vice President
Hon. Peter A. Stern

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of November 20, 2012 were adopted unanimously.

No. 12-0266

* * *

D. DIRECTOR'S REPORTS:

1. Annual Report of Airport Contract Awards to Local and Disadvantaged Business Enterprises for Fiscal Year 2011-2012

FY 2011-2012 Annual Report of Airport Contract
Awards to LBEs and DBEs.

Ms. Sandra Crumpler, Manager, Small Business Affairs/Outreach said that for FY 2011-12 the Commission approved over \$151 million contract awards for 19 construction contracts, 17 professional services contracts, and 11 concession leases. The largest contracts were the International Terminal in Boarding Area F Baggage Inspection and Handling Improvement System for \$64 million, and three Runway Safety Area projects totaling over \$33 million. In accordance with the City's LBE Ordinance, Chapter 14B and the U.S. DOT, FAA DBE regulation, we submit annual reports to the City & County of San Francisco through the Contract Monitoring division, formerly HRC, for their reports to the Mayor, Board of Supervisors, the FAA (Civil Rights Office in Los Angeles). These three reports show our achievements in awarding contracts and concession leases to local, disadvantage, and other small businesses. Our reports for construction contracts with LBE goals showed 13 contracts awarded for approximately \$22 million. LBE primes were awarded \$11 million representing approximately 50% of total contract dollars. Ten contracts were awarded to LBE primes, representing a 77% LBE prime level participation. The primes are Schembri, Bass Electric, Trico Construction (2 contracts), Transworld Construction, LC General Engineering and

Construction (3 contracts), Peacock Interiors (LBE Micro-set aside award for \$400,000) and Pilot Construction. All of the companies are LBE certified firms. Three contractors are women-owned businesses ... Trico, Pilot and Peacock. These LBE contractors also met the LBE goals set by the Contract Monitoring Division compliance staff. For professional services contracts with LBE goals, nine contracts were awarded for approximately \$10.6 million. Three of the contracts were awarded to LBE primes totaling \$6 million, or 53% of the total contract amount awarded.

The second report is for federally funded construction and professional services contracts. Disadvantaged business enterprises, the primes, and the DBE subs received over \$7 million, or 15% of the total contracting dollars of \$48 million. These were for federally funded contracts.

The third report is federal ACDBE participation on concession leases. Eleven concession leases were awarded, with four going to three small businesses, one of which is a local firm, representing a 36% prime participation level. The businesses are Life is Good, LLC doing business as Fraiche Yogurt, a local firm; Avila Retail Development and Management, LLC was awarded two concession leases; and Rylo Management doing business as Three Twins Ice Cream.

Also, a management operation agreement was awarded to New South Parking for the Airport Parking facilities. This company has a 30% ACDBE partnership with Global Parking and a subcontract with Gentle Parking, a local parking company. For future activities, Airport's staff is developing small business set aside concepts for concession opportunities in Terminals 1 and 3. We are also working the Project Managers to hold several public information workshops on the construction/design projects for Terminals 1 and 3. In closing, the FY2011/12 contract awards report is attached.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Sole Source Contract for Contract No. 8672B - Runway Safety Area Engineered Material Arresting System Material Procurement - ESCO - \$40,000,000

No. 12-0267

Resolution authorizing the Director to seek Board of Supervisors approval to authorize Purchaser to procure Engineered Material Arresting System from sole source provider, ESCO, for Contract 8672B, in an amount not to exceed \$40,000,000.

Mr. Ivar Satero, Deputy Director, Design and Construction said that this item is part of the SFO's RSA program and is the initiating contract for Phase II scope of work. The Phase I scope of work is well underway to prepare the 10/28 runways to provide for the necessary RSA areas in compliance with Federal mandate by December 2015. This work supports the Phase II scope of work to prepare the 1/19s for the RSA improvement. The Commission previously authorized a sole source contract with ESCO to prepare the design of EMAS (Engineered Material Arresting System). This Item allows for the contractor to proceed with the actual fabrication and delivery of the materials themselves. The EMAS is a light-weight concrete block structure that is fabricated in their facility, delivered to the Airport and turned over to the contractor for installation. This Item authorizes the City Purchaser to obtain Board of Supervisors approval to exceed their \$10 million limit since the cost of this material is anticipated to be up to \$40 million. Following Board approval, Staff will work with the Purchaser's Office to prepare a purchase order with ESCO for a three year term and then an amount not to exceed \$40 million.

Item No. 3 was moved by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

3. Award of Contract No. 9194 - Maintenance and Support of Baggage Handling Control Systems - Brock Solutions U.S. Inc. - \$5,000,000

No. 12-0268	Resolution awarding Professional Services Contract 9194, Maintenance and Support of Baggage Handling Control Systems, in an amount not to exceed \$5,000,000 for a period of three years effective January 1, 2013 with two, one year options exercisable at the sole discretion of the Commission.
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Mr. Jeff Littlefield, Deputy Director Operations and Security, said that this item seeks award of Contract 9194 to Brock Solutions U.S., Inc. to provide maintenance and support of the Baggage Handling Control Systems at SFO.

Following 9/11, when 100% baggage screening became a requirement, these systems were implemented as a joint TSA-Airport project when the in-line Explosive Detection Systems (CTXs) were installed at SFO. This contract provides for full time (24/7) support of the Baggage Handling Control Systems, which primarily include the Baggage Sortation System and Interface to the TSA's explosive detection equipment. It also provides troubleshooting assistance to all of airline Baggage Handling System Maintenance teams and to the TSA. Maintenance and support of this equipment is critical to the safe and efficient operation of the Airport's checked baggage inspection system overall.

In December 2011, staff prepared and issued an RFP for the Maintenance and Support of the Baggage Handling Control System and the Commission authorized staff to negotiate with the highest ranked proposer. A three-member panel was convened, comprised of one internal and two external members to evaluate the proposals in accordance with the criteria contained in the RFP.

Two proposals were determined to be responsive and were given the following scores: Siemens Industry, Inc. (281.73) and Brock Solutions U.S. Inc. (347). Brock Solutions earned the highest score and surfaced as the most competitive. The protest period ended on November 30 with no protests received. I am requesting award of Professional Services Contract 9194 for Maintenance and Support of the Baggage Handling Control System to Brock Solutions, U.S. Inc. for a three year period beginning January 2013, at an annual amount of \$1 million with two one year options renewable at the sole discretion of this Commission for a total not to exceed amount of \$5 million.

Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

4. Modification No. 1 to Contract No. 9075 - Information Booth - Polaris Research and Development - \$45,000 for FY 2012-13 and \$90,000 for FY 2013-14

No. 12-0269

Resolution approving Modification No. 1 to staff one additional Information Booth at SFO, increasing the contract budget for FY2012-13 by an additional \$45,000, and an additional \$90,000 for FY 2013/14.

Mr. Littlefield said that we are requesting approval to exercise Modification No. 1 to Polaris Research and Development Contract No. 9075 to increase the scope of work in order to staff one additional customer information booth located in Terminal 1.

Polaris provides service information to the public regarding various ground transportation options, flight status, Airport facilities, accommodations an event information for visitors.

The Airport currently has a total of six customer information booths which are staffed under the current Polaris contract ... five are within each of the Terminal baggage claim areas and one by the upper level BART station entrance. In addition, there are two unstaffed or self-help booths in Terminals 1 and 3, where Polaris maintains basic travel information. Currently, the customer information booth located in Terminal 1 near the Delta baggage claim is unstaffed and receives heavy traffic during the morning peak period. In an effort to clearly determine whether customer service would be improved by staffing this location, Polaris was directed to assign personnel at this location on a trial basis for a two-week period during the month of October. Based on the outcome of this trial, Airport staff concluded that customer service was greatly enhanced during the morning peak periods and that this area is currently being under served. In order to provide the desired staffing at this location, the contract dollar amount would need to be increased as the incremental change cannot simply be absorbed.

I recommend Commission approval of Modification No. 1 authorizing one additional staffed customer service information booth in Terminal 1 for a period of four-hours per day, increasing the contract budget for FY 2012/13 in the amount of \$45,000, and an additional \$90,000 for FY 2013/14, for a new total not to

exceed contract amount of \$5,285,000.

We believe this enhancement will significantly improve customer service in Terminal 1 and support the Airport's overall customer service mission.

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G. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

The Consent Calendar, Item Nos. 5 through 12, was moved by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

5. Request for Qualifications/Proposals for Contract No. 8427CA - Design-Build Services for Industrial Wastewater Treatment Plant

No. 12-0270	Resolution authorizing the Airport to issue a Request for Qualifications/Proposals for Contract 8427CA, Design-Build Services for Industrial Wastewater Treatment Plant.
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6. Bid Call - Contract Nos. 9082A and 9082B - Job Order Contract Construction Services

No. 12-0271 No 12-0272	Resolution authorizing a call for bids for Contracts 9082A and 9082B, Job Order Contract Construction Services, each in an amount not to exceed \$1,000,000.
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7. Bid Call - Contract 8519A - Boarding Area G A380 Improvements, Phase A

No. 12-0273	Resolution approving the scope, budget, and schedule for Contract 8519A, Boarding Area G A380 Improvements, Phase A, and authorizing the Director to call for bids when ready.
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8. Authorization to Accept Proposals for the International Terminal G Electronics Kiosk Lease

No. 12-0274	Resolution approving the lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the International Terminal "G" Electronics Kiosk Lease.
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9. Authorization to Accept Proposals for the Security Checkpoint Mail Service Lease

No. 12-0275	Resolution approving the lease specifications, minimum qualifications, and proposal requirements,
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and authorizing staff to accept proposals for the Security Checkpoint Mail Service Lease.

10. Authorization to Accept Proposals for the Cellular Phone Rental Kiosk Lease

No. 12-0276

Resolution approving the lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the Cellular Phone Rental Kiosk Lease.

11. SamTrans Route 397 Owl Bus Service

No. 12-0277

Resolution awarding a contract to SamTrans to defray the unrecovered costs of SamTrans Route 397 Owl Bus Service through the Airport for a period of five (5) years, at an annual first year cost not to exceed \$175,000, with total cost through the five (5) year term not to exceed \$1,000,000.

12. Palcare Childcare Services for Airport-based Employees

No. 12-0278

Resolution authorizing the Airport to execute a new five-year agreement with the County of San Mateo to subsidize Childcare Services at Palcare for Airport families and to guarantee availability of such services beginning in FY2013/14 at a not-to-exceed cost of \$372,500.

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

The following individuals spoke regarding Covenant's Security Checkpoint contract:
Whitfield McTair, SEIU, USWW
Juan Aguilar, Covenant Aviation Security
Stephanie Johnson, SEIU
Marquis Adams, Covenant Aviation Security
Jamie Thompson, SEIU
Akaluck Nurack, SEIU

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:33 AM.


Jean Caramatti
Commission Secretary

